



NORCROS

# NORCROS

CAPITAL MARKETS EVENT

May 2024







NORCROS

# STEVE GOOD

Chair

# WELCOME







NORCROS

# THOMAS WILLCOCKS

Chief Executive Officer

**MARKET LEADER IN DESIGN-LED,  
SUSTAINABLE BATHROOM AND  
KITCHEN PRODUCTS**





# PRESENTERS

Thomas Willcocks  
Chief Executive Officer



James Eyre  
Chief Financial Officer



Helene Roberts  
Managing Director,  
Norcross UK & Ireland



Charlie Soden  
Managing Director,  
Merlyn



John Mortimer  
Managing Director,  
Grant Westfield

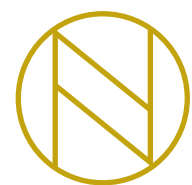


David Tutton  
Managing Director,  
Triton





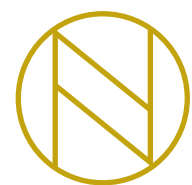
ORGANIC AND M&A  
**CONSOLIDATION STRATEGY**  
HAS DELIVERED...



NORCROS



THE UK & IRELAND'S  
**NUMBER 1 BATHROOM**  
PRODUCTS GROUP



NORCROS



# NEW MEDIUM-TERM TARGETS



ORGANIC GROWTH

2-3% pa  
above market

OPERATING MARGIN

15%  
over medium term

CASH CONVERSION

>90%

ROCE\*

>20%

SCIENCE-BASED  
CARBON EMISSIONS  
TARGETS

2028\*\*

*\* ROCE is Underlying operating profit on a pre-IFRS 16 basis expressed as a percentage of the average of opening and closing underlying capital employed*

*\*\*33.6% reduction in Scope 1&2 emissions and 20% reduction in Scope 3 emissions on a base year of 2023*



# TODAY

01

NORCROS  
TODAY

02

THE  
OPPORTUNITY

03

GROWTH  
PLAN





# EVOLUTION AND GROWTH OF NORCROS

01

NORCROS  
TODAY

02

THE  
OPPORTUNITY

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GROWTH  
PLAN

01



## NORCROS TODAY



**UK'S NO.1  
BATHROOM  
PRODUCTS  
GROUP**

Market leading  
bathroom & kitchen  
products brands

Mid-premium  
positioning

Differentiated by  
product design &  
customer service

Capital  
light & cash  
generative



# WHAT WE ARE NOT AND WILL NOT BECOME



Distributor

Capital intense  
manufacturer

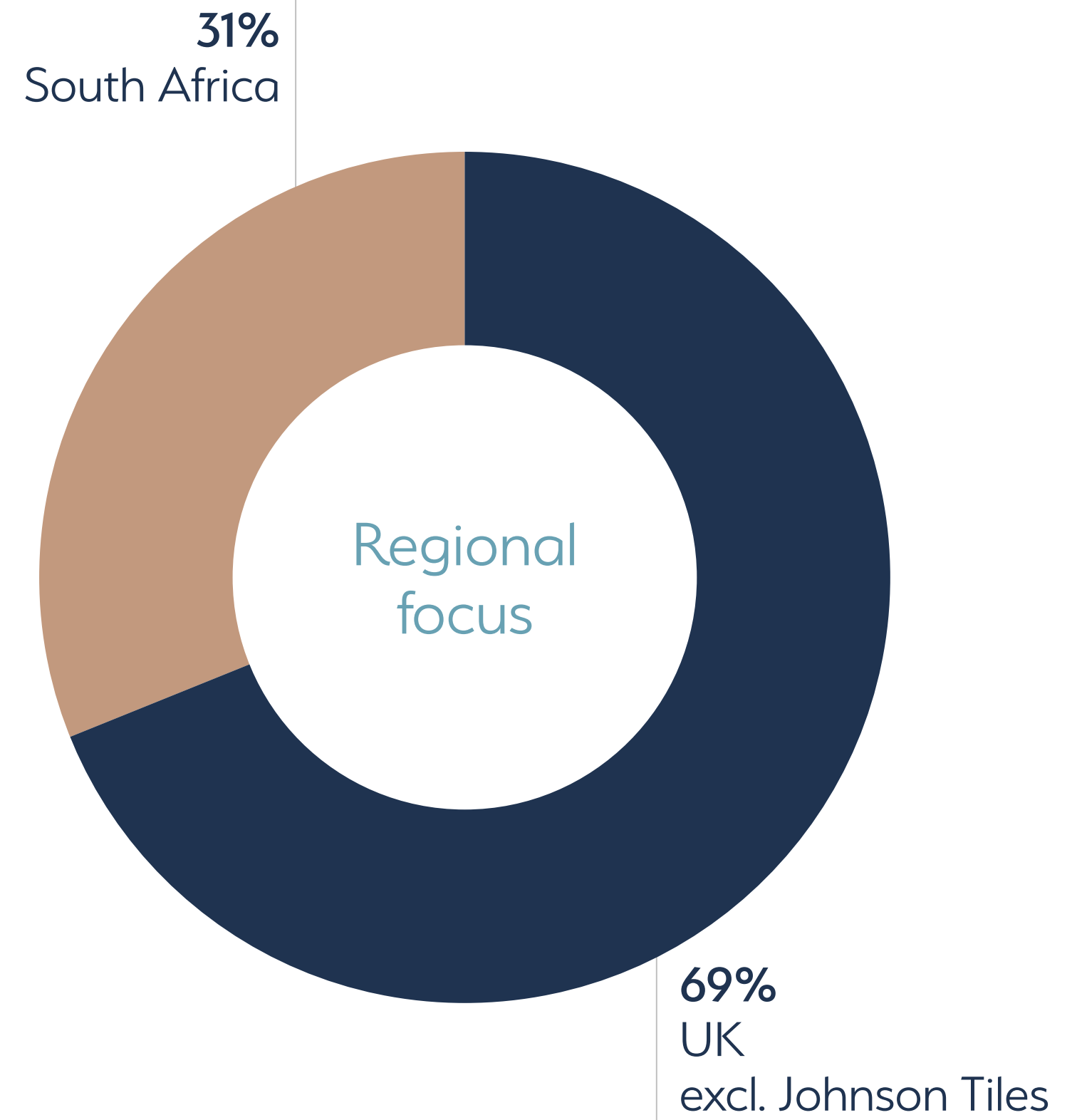
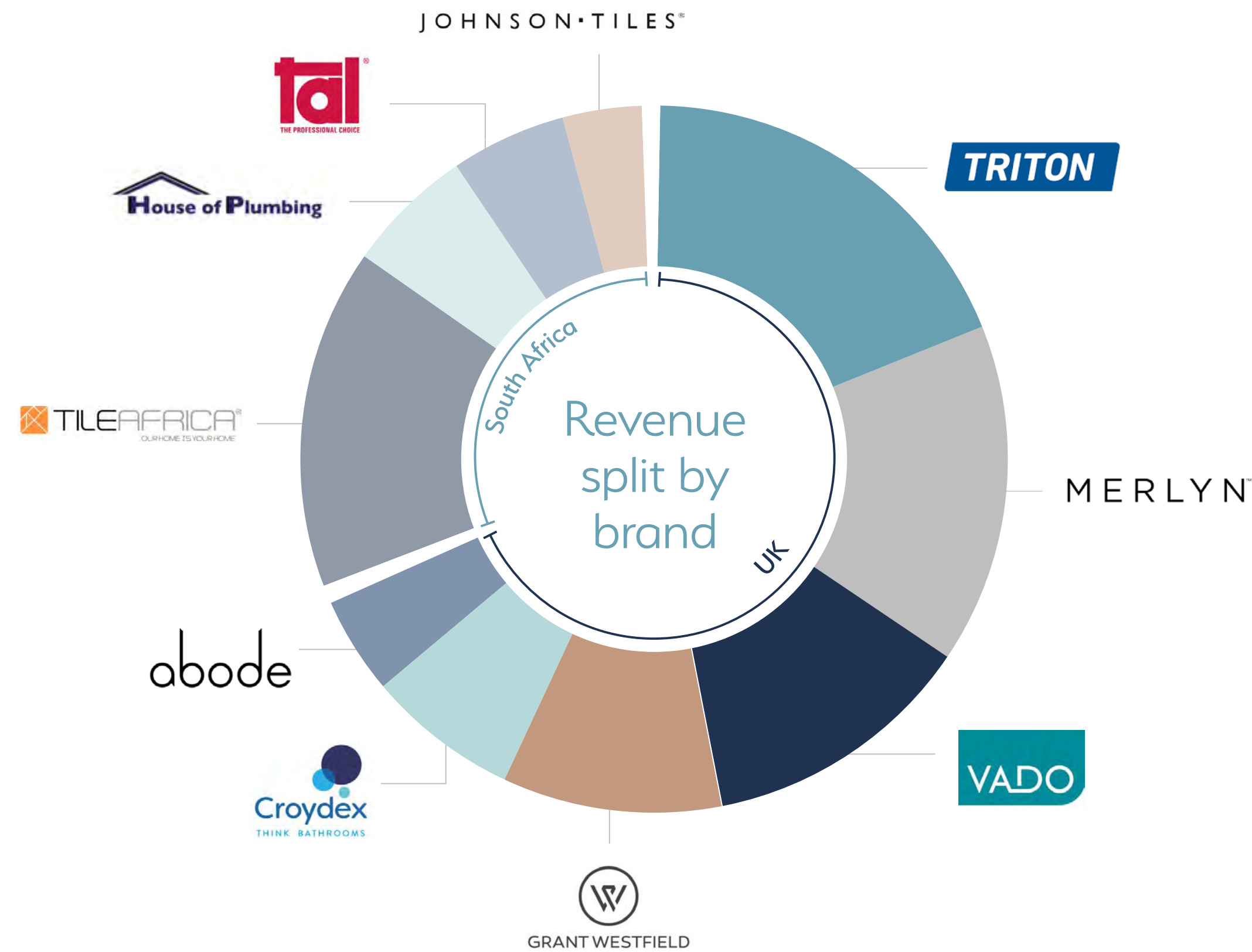
Heavy-side building  
products supplier

Economy,  
low-margin supplier



# Norcros Today

## A BALANCED PORTFOLIO





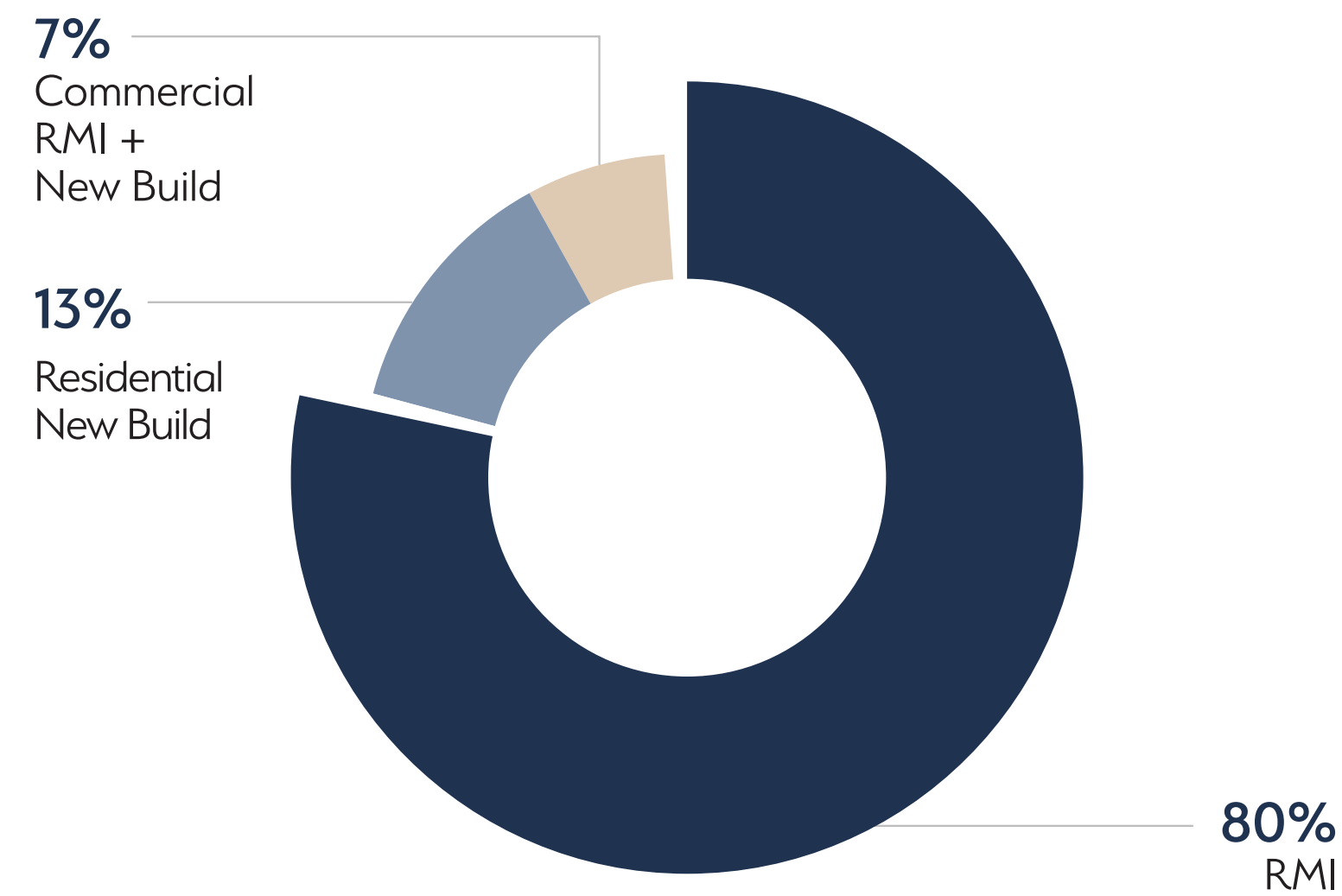
# THE SWEET SPOT – MID-PREMIUM POSITIONING (UK)

Focused on the more resilient mid-premium market segments

Norcros revenue split mirrors RMI/ New Build split

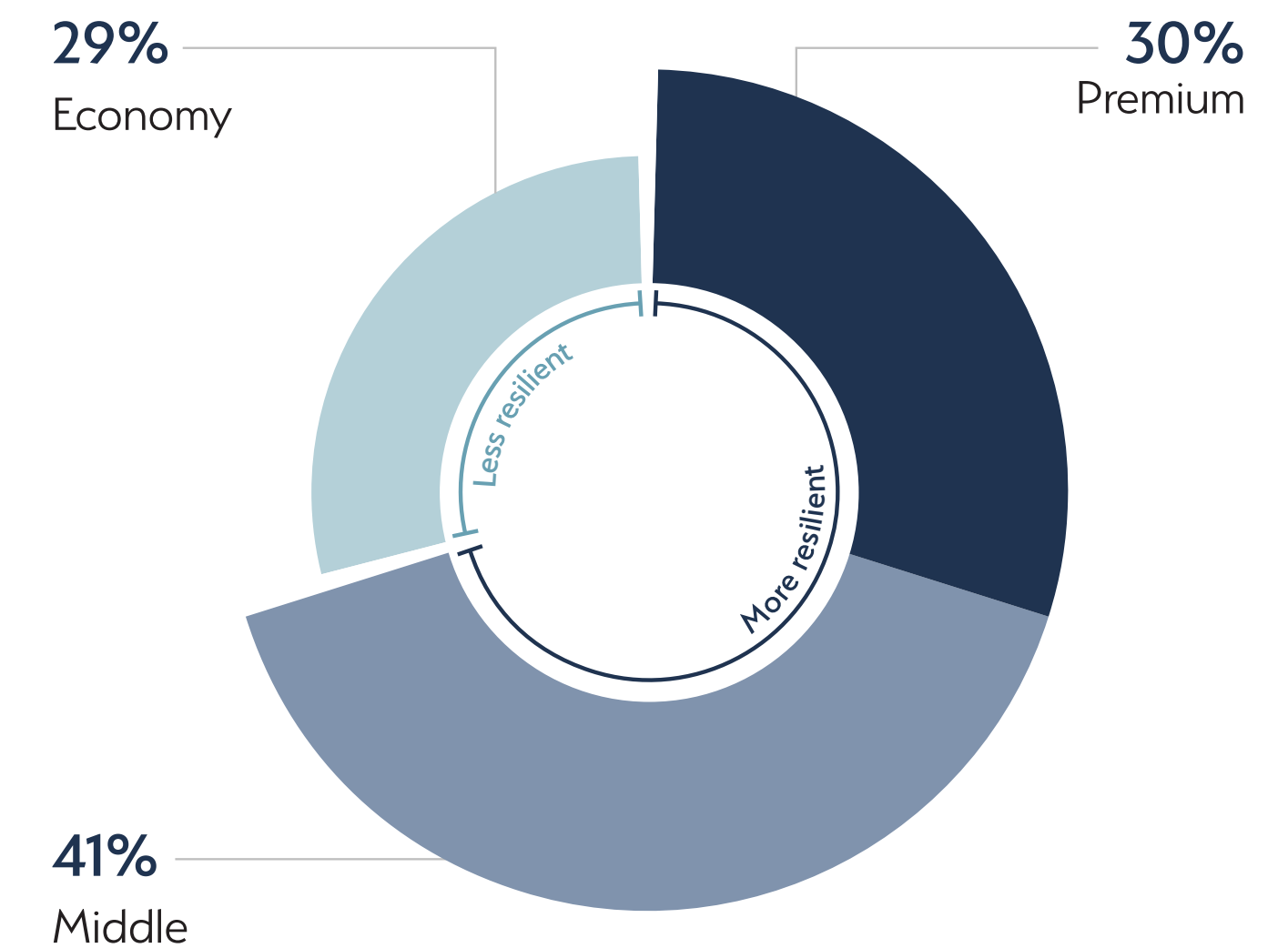
## UK bathroom products market

RMI/New Build/Commercial Share<sup>1</sup>



- RMI main driver of bathroom and kitchen market
- New build headwinds, but strong underlying medium-term growth drivers

Quality/Price Point<sup>1</sup>



- Norcros in more resilient mid-premium segment
- Differentiated from building sector commodities

RMI - Renovation Maintenance Improvement

1. Source: BRG: The European Bathroom & Kitchen Product Markets UK 2023



# POSITIONING: STRONG CUSTOMER RELATIONSHIPS(UK & IRELAND)

Cultivating strong, long-term relationships with blue-chip customers is key to our success



Source: Based on Norcros FY24 preliminary unaudited figures, excluding Johnson Tiles UK and Norcros Adhesives

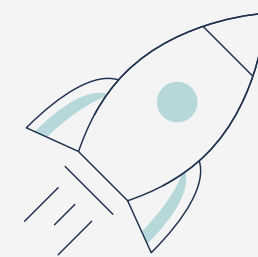


# OUR SUCCESSFUL AND SCALABLE PLATFORM

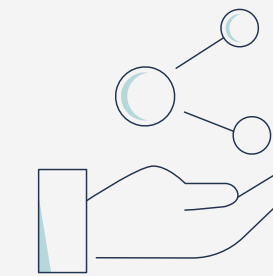
WE ARE  
READY FOR  
OUR NEXT  
PHASE OF  
GROWTH



Track record  
of M&A and  
organic growth



Market  
leading  
brands



Diversified  
products and  
channels



Differentiated  
by design and  
customer service



# EVOLUTION AND GROWTH OF NORCROS

02



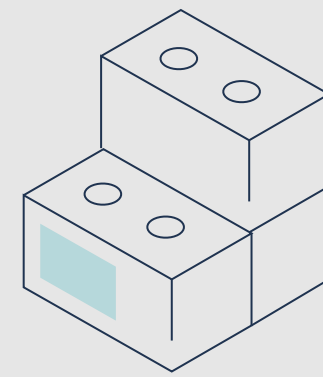
## THE OPPORTUNITY



# THE OPPORTUNITY



Unlocking value through strategic growth



**LARGE &  
FRAGMENTED MARKETS:**

Organic & M&A  
opportunities



**CHANGING  
WORLD:**

Sustainability  
& care products



**BENEFITS  
OF SCALE:**

Modernisation,  
service & synergies



# LARGE AND FRAGMENTED MARKETS

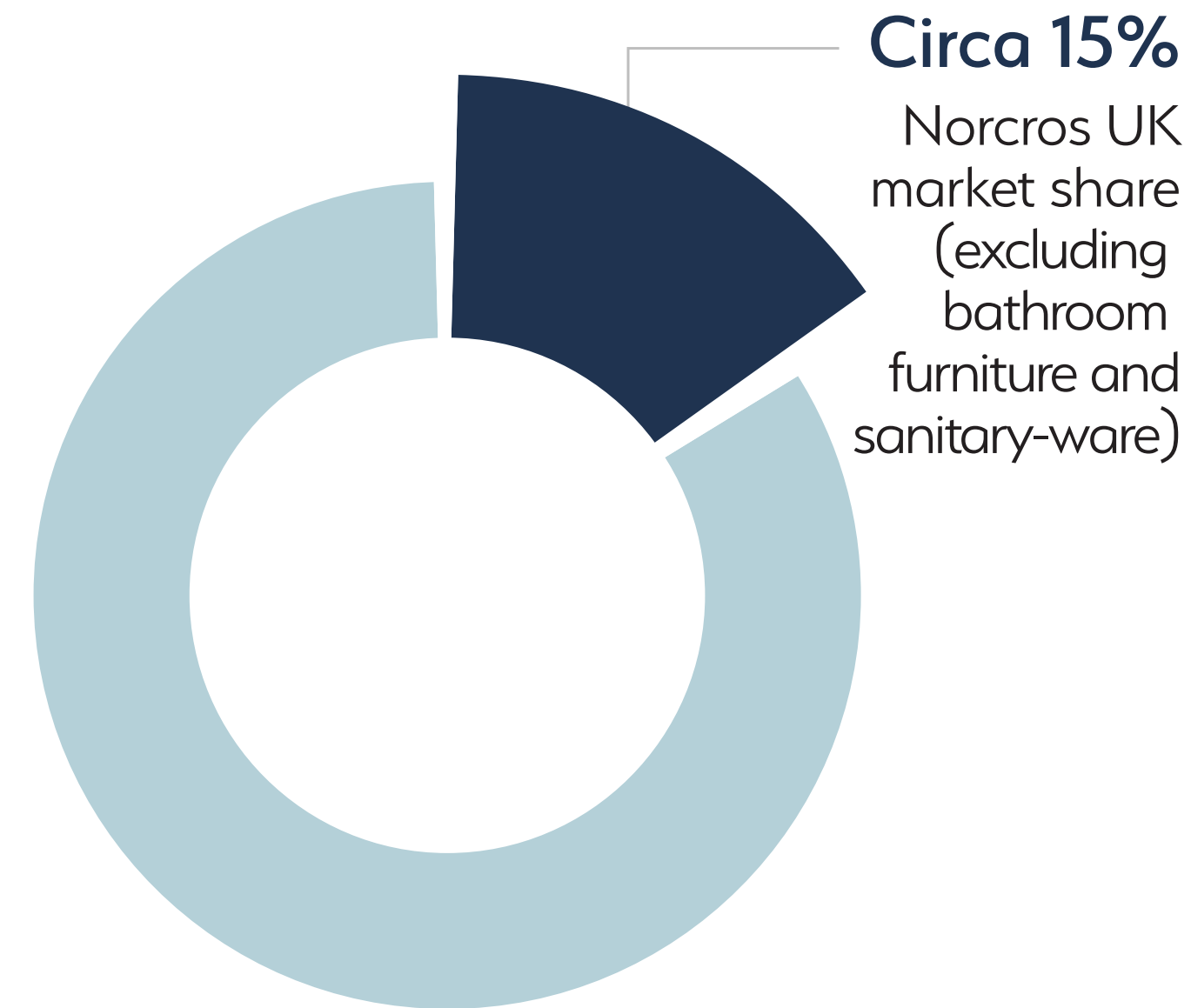
## CORE ADDRESSABLE MARKET



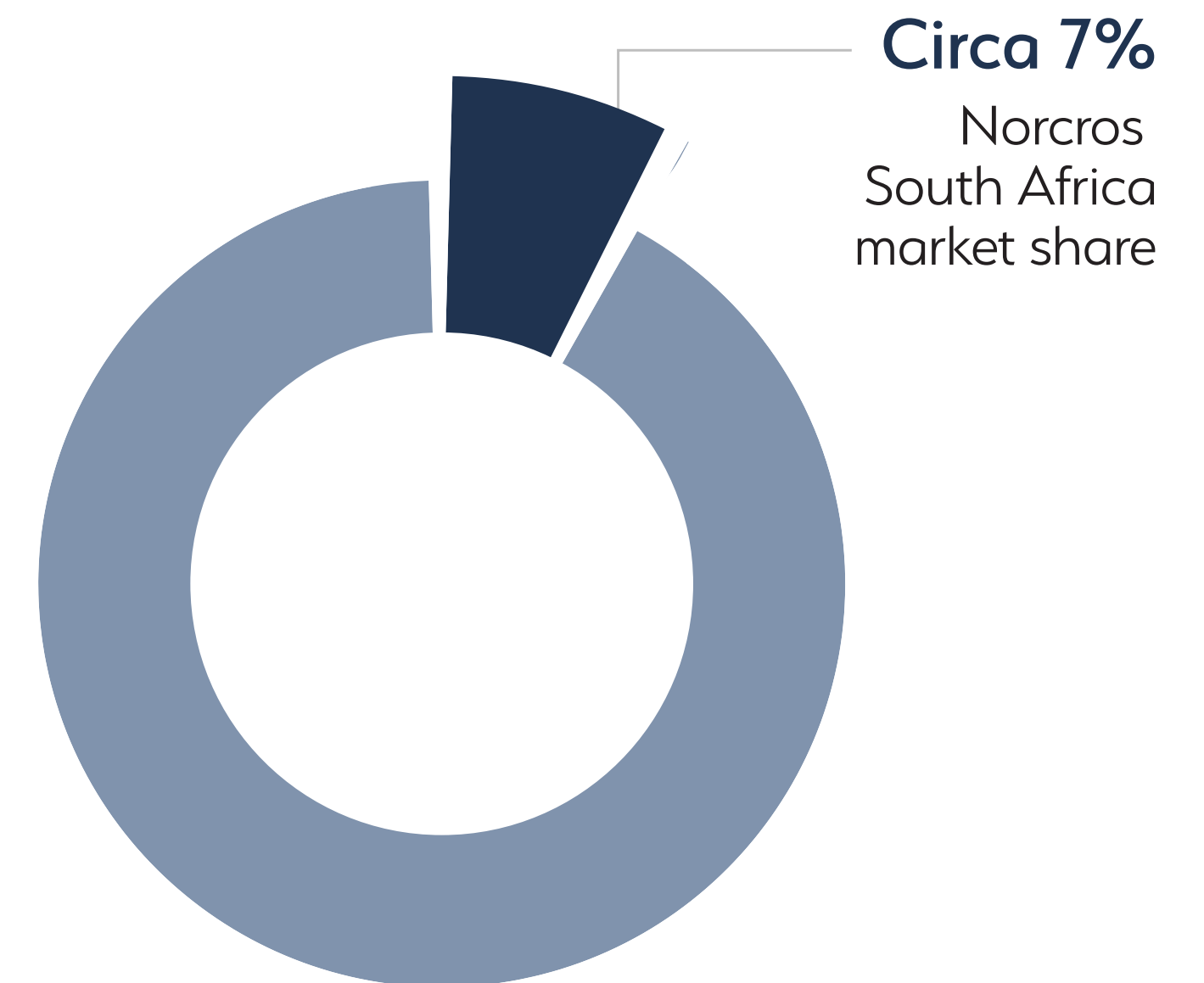
**c. £3.5bn**

Existing UK & Southern African core market

Existing UK market share (core categories only)



Existing South Africa market share



### Key underlying drivers

RMI/residential renovation

New build – shortage of houses

Commercial RMI and new construction

Design, sustainability and service

Opportunities for organic growth in core and new markets

Source UK market data: Norcros estimates based on BRG, AMA, proprietary information and management estimates

Source SA market data: Norcros estimates based on proprietary information and management estimates



# LARGE AND FRAGMENTED MARKETS

## TOTAL ADDRESSABLE MARKET

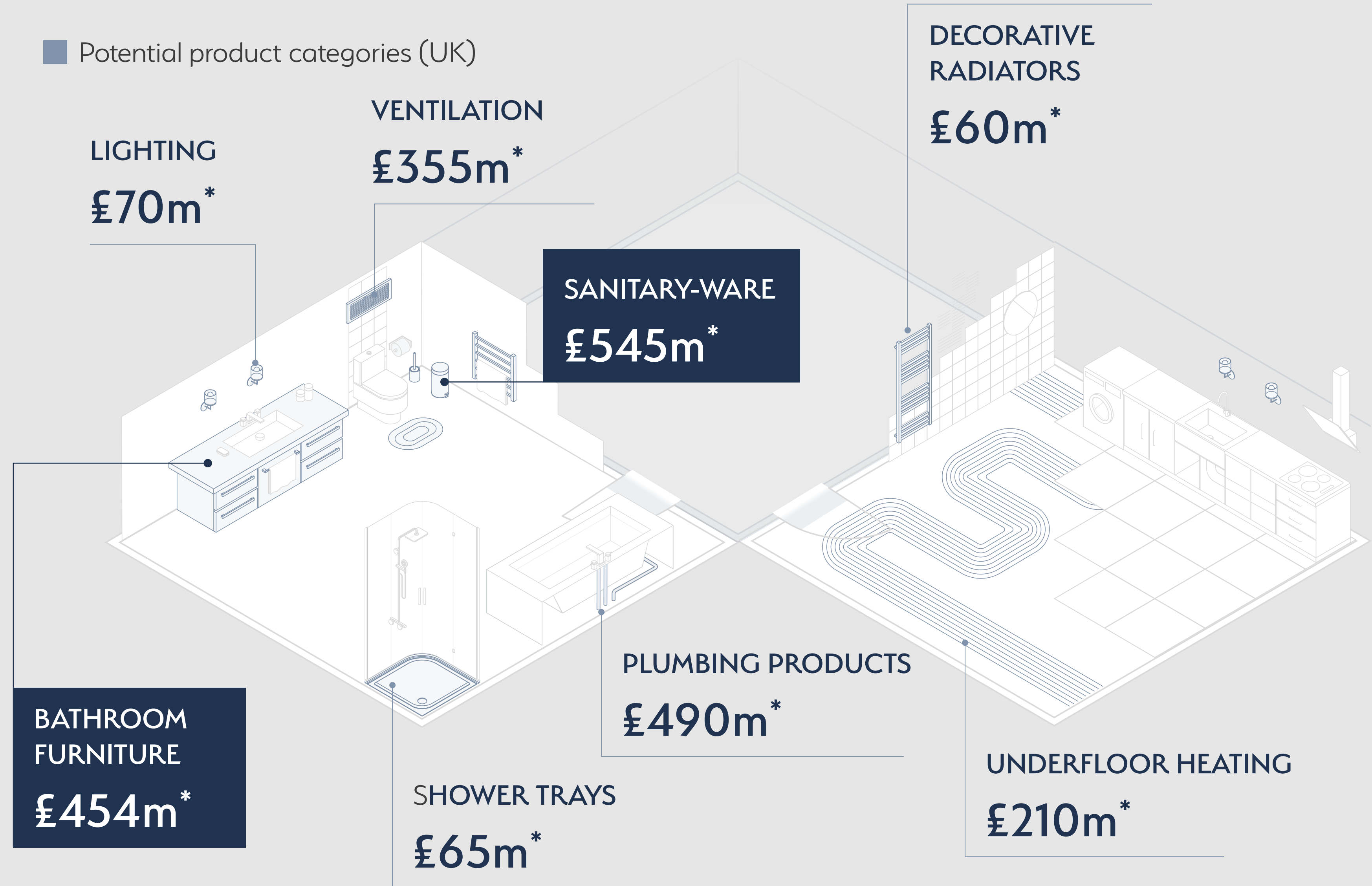


**c. £6bn**

Total addressable market in existing geographies

> £2bn in potential complementary product categories in UK

■ Potential product categories (UK)

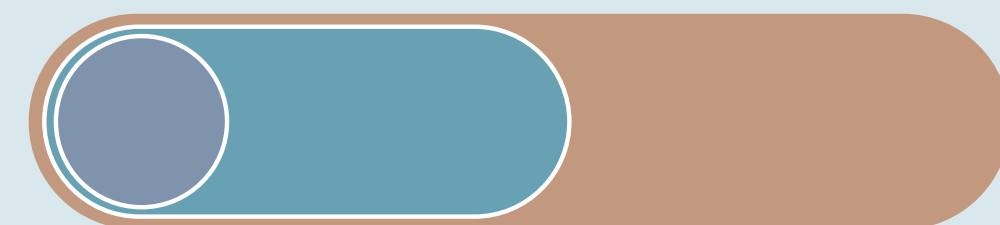


\* Management estimate of market size, BRG: The European Bathroom & Kitchen Product, Management adjusted AMA Pipe and Fittings Market Report 2020-2026 Markets UK 2023



# LARGE AND FRAGMENTED MARKETS

## EXTENDED ADDRESSABLE MARKET

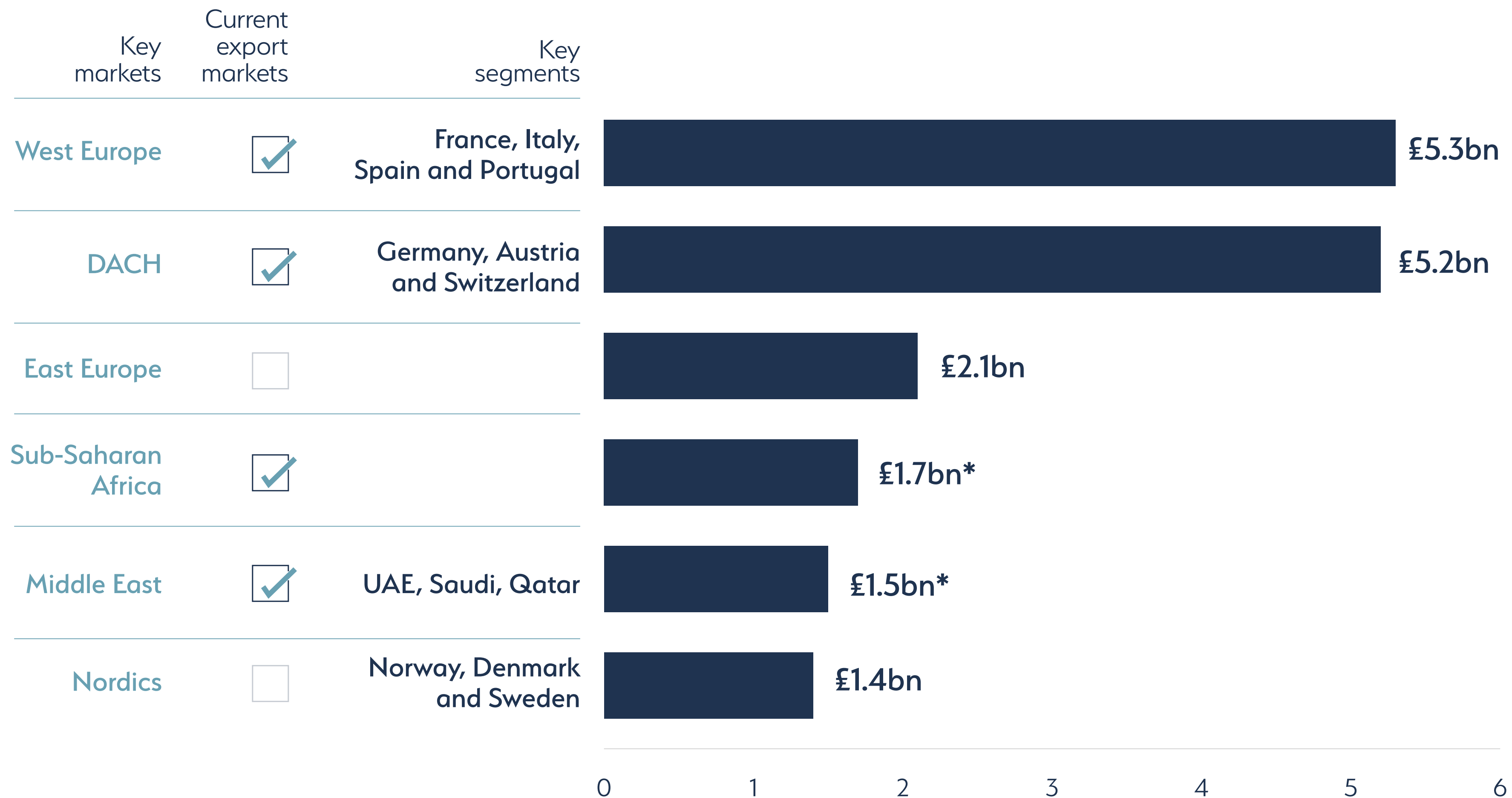


>£10bn

Extended addressable market including new geographies

Large and fragmented markets in neighbouring regions

## ATTRACTIVE GEOGRAPHICAL MARKETS



Source: BRG country reports (Reports range from 2019-2020)

\*Norcros management estimate



## 03



# GROWTH PLAN



# EVOLUTION AND ACCELERATED GROWTH OF NORCROS



**BUILDING ON  
WHAT MAKES US  
GREAT TODAY**

What will remain the same...

Mid-premium, bathroom  
& kitchens

M&A engine driving scale

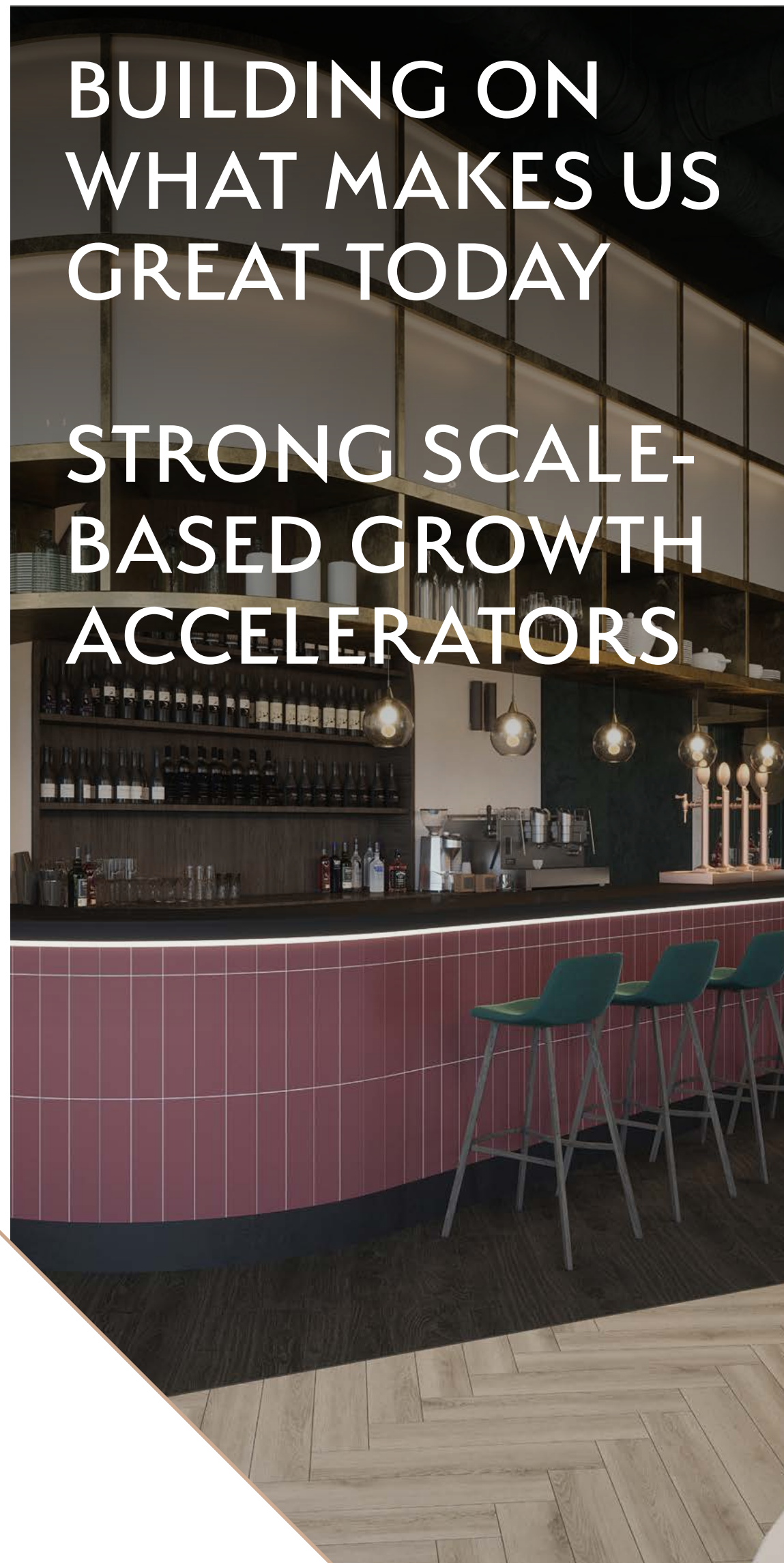
Focus on design, sourcing  
and customer service

Entrepreneurial culture and  
devolved structure

Capital light and strong  
cash flow



# EVOLUTION AND ACCELERATED GROWTH OF NORCROS



## What will remain the same...

Mid-premium, bathroom & kitchens

M&A engine driving scale

Focus on design, sourcing and customer service

Entrepreneurial culture and devolved structure

Capital light and strong cash flow

## What will evolve

Scale-based growth accelerators

Capital light, high growth

Leading design, sustainability and service

Supported by performance enhancing ops platform

Scale, improved operating margins and shareholder returns



## CRAFTING DESIGN-LED SUSTAINABLE BATHROOM AND KITCHEN PRODUCTS

### NORCROS OBJECTIVES

Renowned for design and sustainability

Leading, digitally enabled service

Inclusive and growth-focused culture

Scale with market-leading returns

### STRATEGIC INITIATIVES

M&A

Organic Growth

Operational Excellence

### ESG DRIVING OUR COMPETITIVE ADVANTAGE

People - Product - Planet

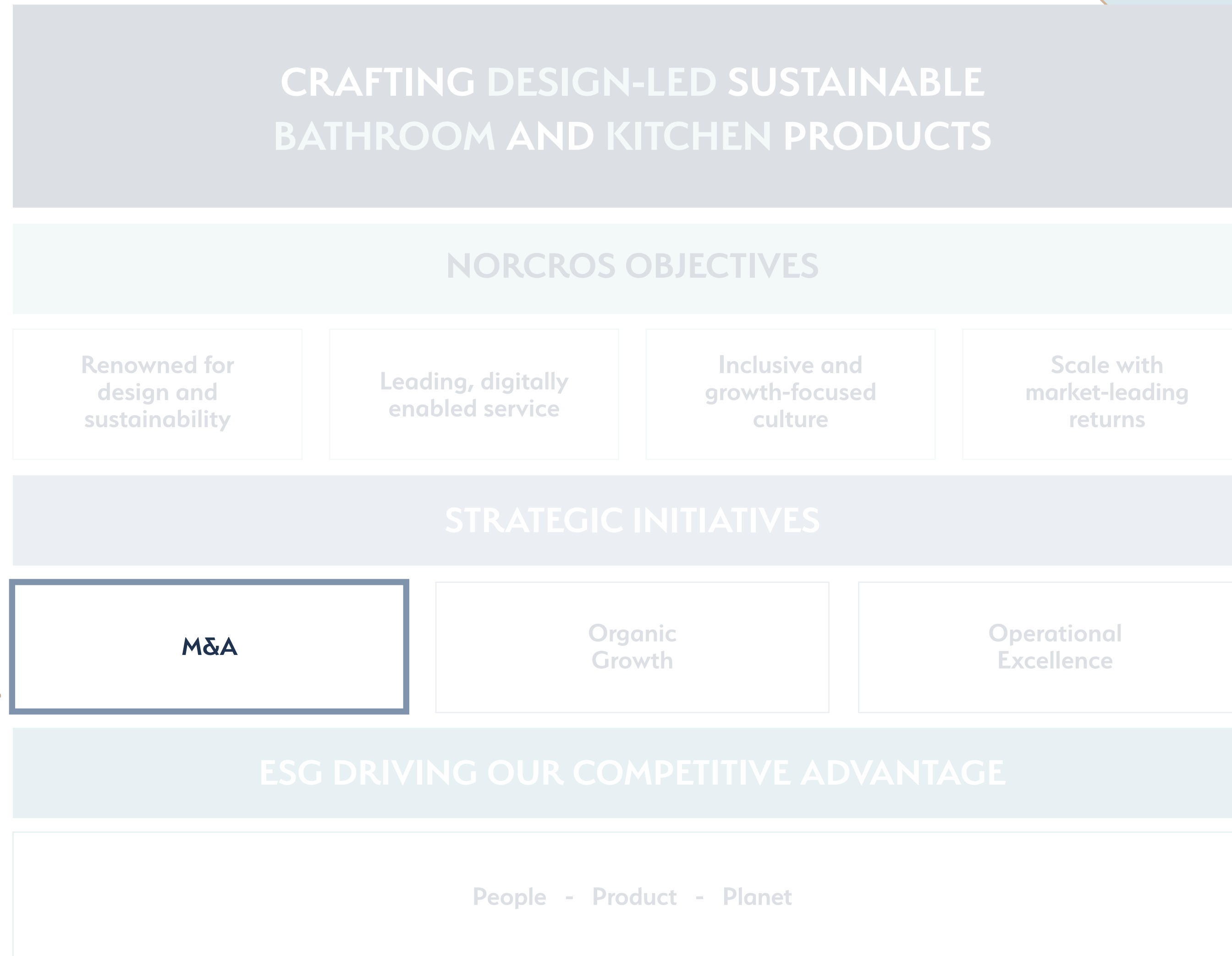
A POWERFUL CHOICE FOR BETTER LIVING



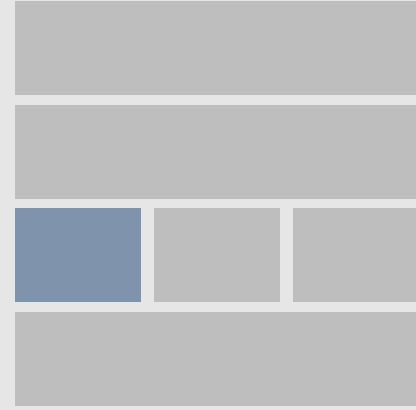
Growth Plan  
**NORCROS STRATEGY**











Active approach to managing and developing a high growth and low capital intensity business

**M&A**

Consolidate large and fragmented markets

Targeted, consistent approach and earnings accretive

Grant Westfield 2022

**Divestments**

Strategic alignment

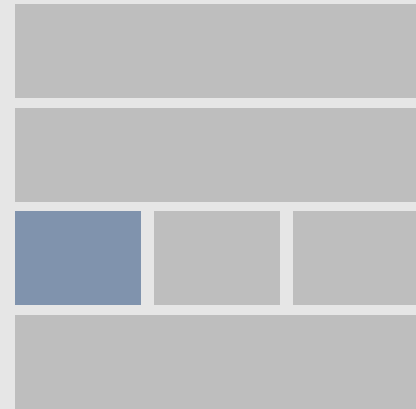
Norcros Adhesives 2023

Johnson Tiles 2024

Well-developed strategically aligned acquisition pipeline

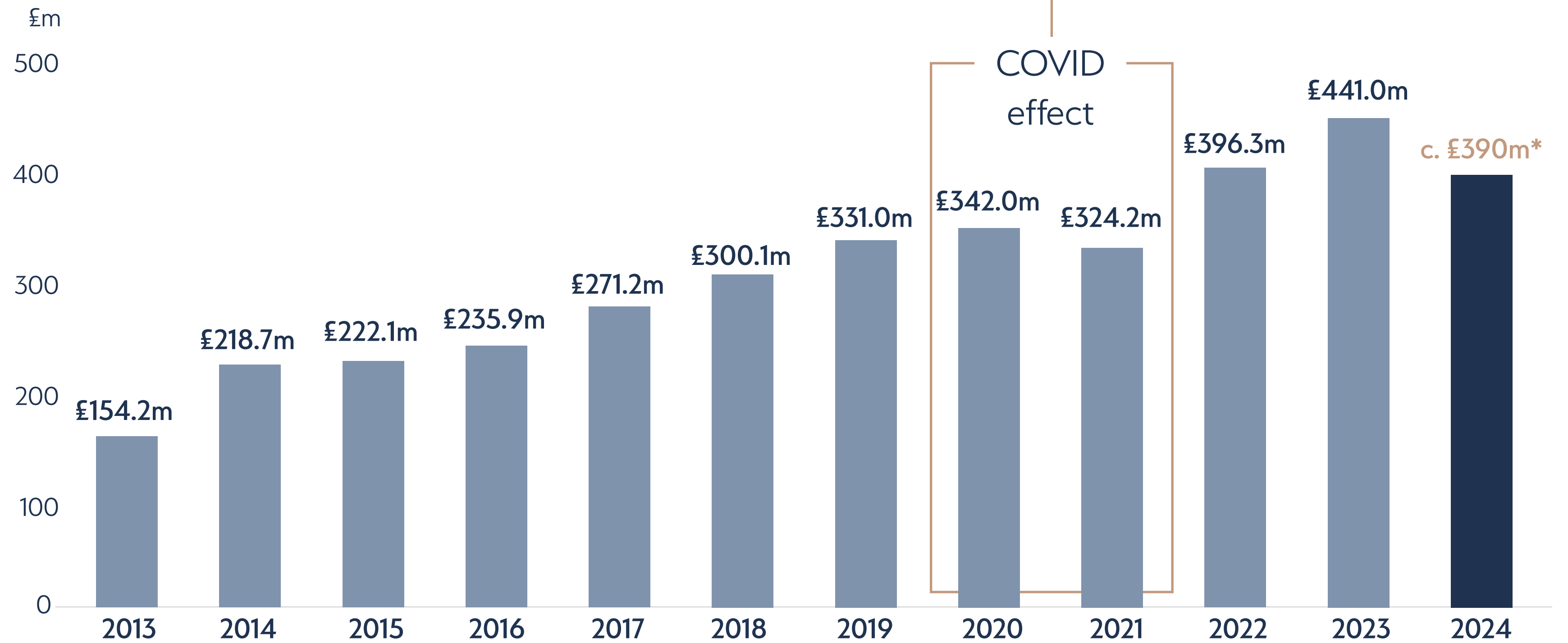


# Growth Plan M&A



Successful track record of acquiring, integrating and growing acquisitions

## Timeline of acquisitions



## M&A success factors

In-house corporate development team

Aligned with strategy and culture

Successful businesses where we add value

Growth and operational synergies

\* FY24 unaudited accounts





NORCROS

# CHARLIE SODEN

Managing Director

## ACCELERATING GROWTH WITHIN THE NORCROS GROUP

MERLYN™





Growth Plan  
**M&A: MERLYN**



**UK'S NO. 1 SHOWER ENCLOSURE BRAND**

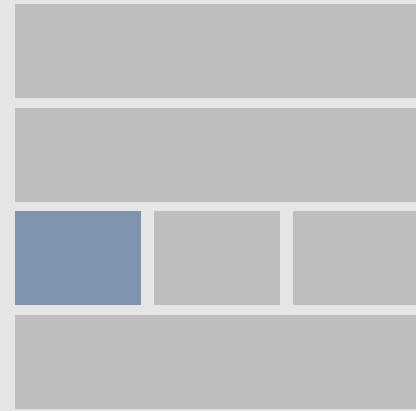


**MERLYN™**

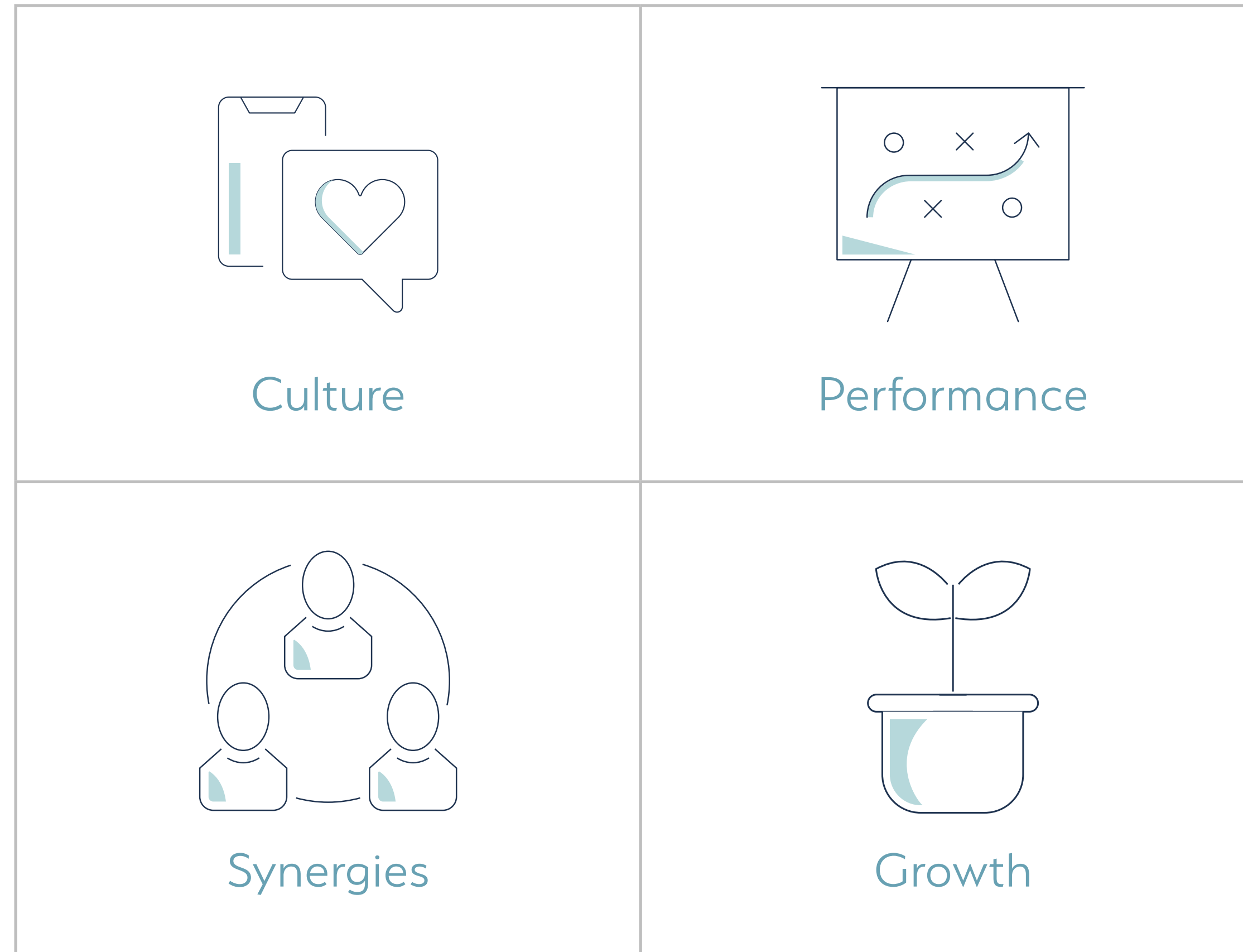
We design, engineer and craft the finest showering environments in the world



# MERLYN – ACQUIRED BY NORCROS IN 2017

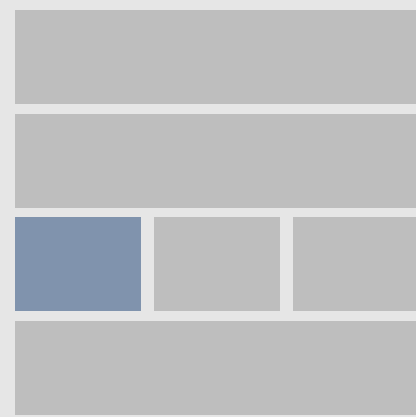


The perfect fit

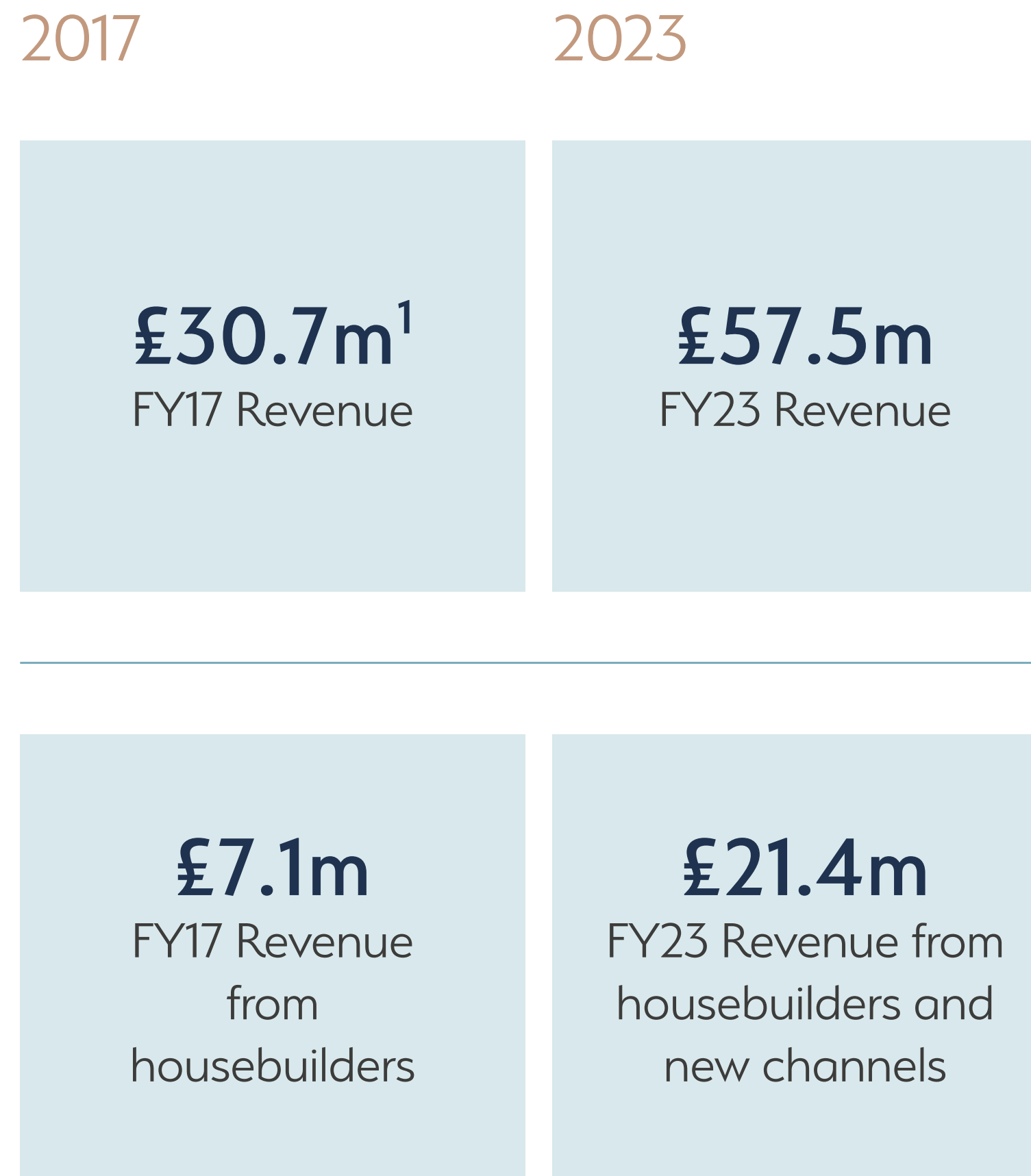




# M&A: MERLYN – HOW NORCROS OWNERSHIP ACCELERATED GROWTH



Integration - partnership has driven Merlyn and Group growth



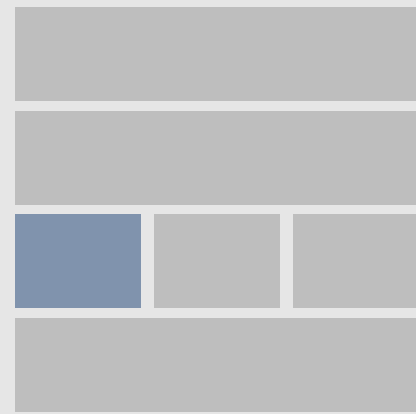
## Growth drivers

- Investment in people, NPD and brand
- Cross-selling – intro to housebuilders and new channels (e.g. Barratt Homes & Wickes)
- Screwfix entry under Triton brand
- Group financial strength

1. FY17 ending 31 March, Merlyn acquired by Norcros on 23 November 2017



# M&A: MERLYN INTEGRATION – GROWTH OF WICKES ACCOUNT

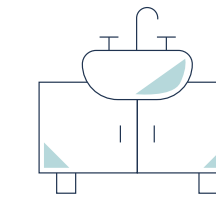


Example of Group collaboration and full end-to-end solution for customers



## Wickes case study

- Norcros introduction to Wickes
- £5.0m sales per annum in two years
- Category management is key
- Regularly adding in new products



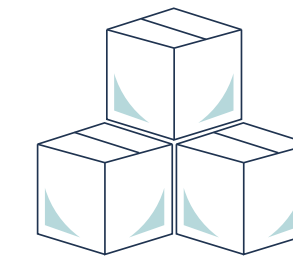
### Extensive Range

Eight ranges - 180 SKU's



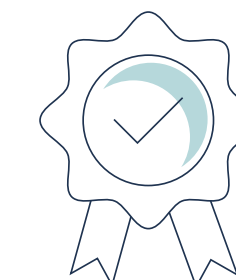
### Quality Products

Premium quality products that are tested to a standard far exceeding UKCA Standards



### Market Leading Availability

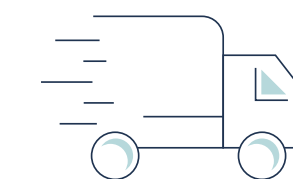
Strategic investment in stock holding and an excellent logistics partnership drives an outstanding OTIF in excess of 99%



### Customer Care & After Sales

Award winning customer care and after-sales service

Spares back-up for every product.  
89% N.P.S. 98% C.S.A.T



### Home Delivery

Home delivery within 48 hours





## NOTES

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.....

.....

.....



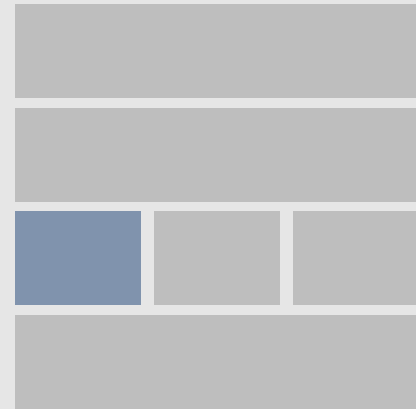
# M&A: MERLYN DOUBLED IN SIZE



# MERLYN™

The future – growth, efficiencies, collaboration and opportunities for our people





Strong M&A track record and growth accelerator

## Target themes for M&A growth



Well-developed strategically aligned acquisition pipeline

Growth Plan  
**NORCROS STRATEGY**

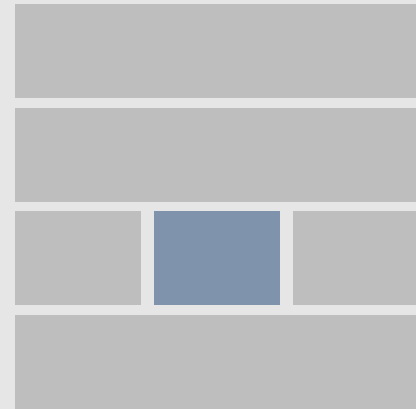




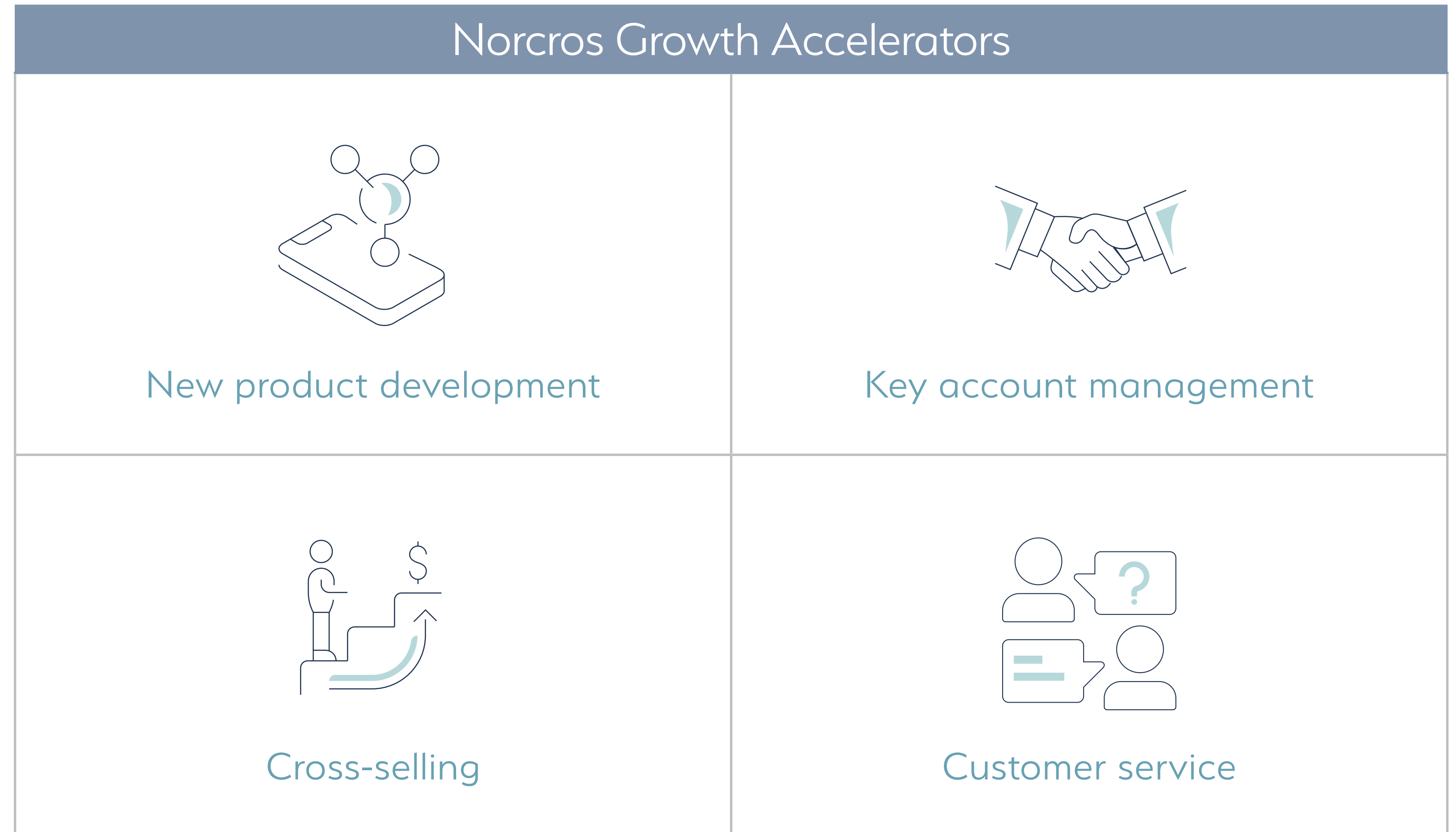
Growth Plan  
**ORGANIC GROWTH**



# ORGANIC GROWTH



Accelerating growth by taking advantage of our Group-wide scale and channels





# NPD DRIVING ORGANIC GROWTH



New Product Development driving growth and improved margins

In-house design

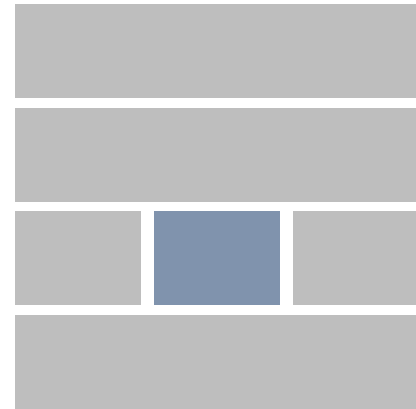
Well-developed NPD pipeline

Increased focus on sustainability

Collaboration on Group ranges

NPD Vitality Index: 25%

# ORGANIC GROWTH: CROSS-SELLING



CLEAR OPPORTUNITIES FOR FURTHER CROSS-SELLING IN UK TOP 20

	●	●	●	●	●	●	●	●			●	●	●	●				●		
abode	●	●					●			●		●								
MERLYN	●	●	●		●			●										●	●	●
	●	●	●		●	●	●				●		●	●				●		
			●		●		●	●	●		●									
				●											●			●		
	Customer 1	Customer 2	Customer 3	Customer 4	Customer 5	Customer 6	Customer 7	Customer 8	Customer 9	Customer 10	Customer 11	Customer 12	Customer 13	Customer 14	Customer 15	Customer 16	Customer 17	Customer 18	Customer 19	Customer 20

Circa 45% of UK revenue

Space for increasing wallet share

Opportunities for more cross-selling

Driving organic share gains





NORCROS

# JOHN MORTIMER

Managing Director

**DRIVING ORGANIC  
GROWTH THROUGH NPD  
AND CROSS-SELLING**



GRANT WESTFIELD

01

NORCROS  
TODAY

02

THE  
OPPORTUNITY

03

GROWTH  
PLAN





Growth Plan  
**ORGANIC GROWTH**



**UK'S NO. 1 FOR  
WATERPROOF  
WALL PANELS**



**GRANT WESTFIELD**

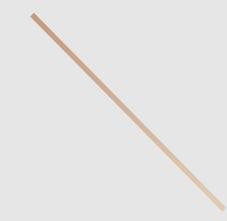
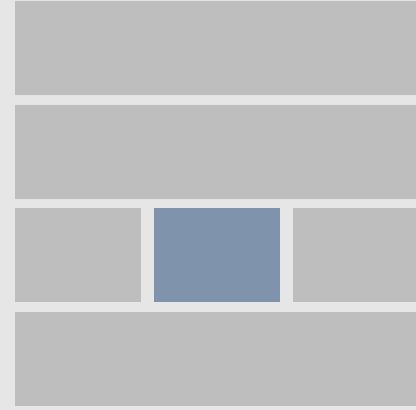
High quality, rapid  
installation and sustainable  
alternative to tiles

High margin, strong cash  
flow and capital light



Growth Plan

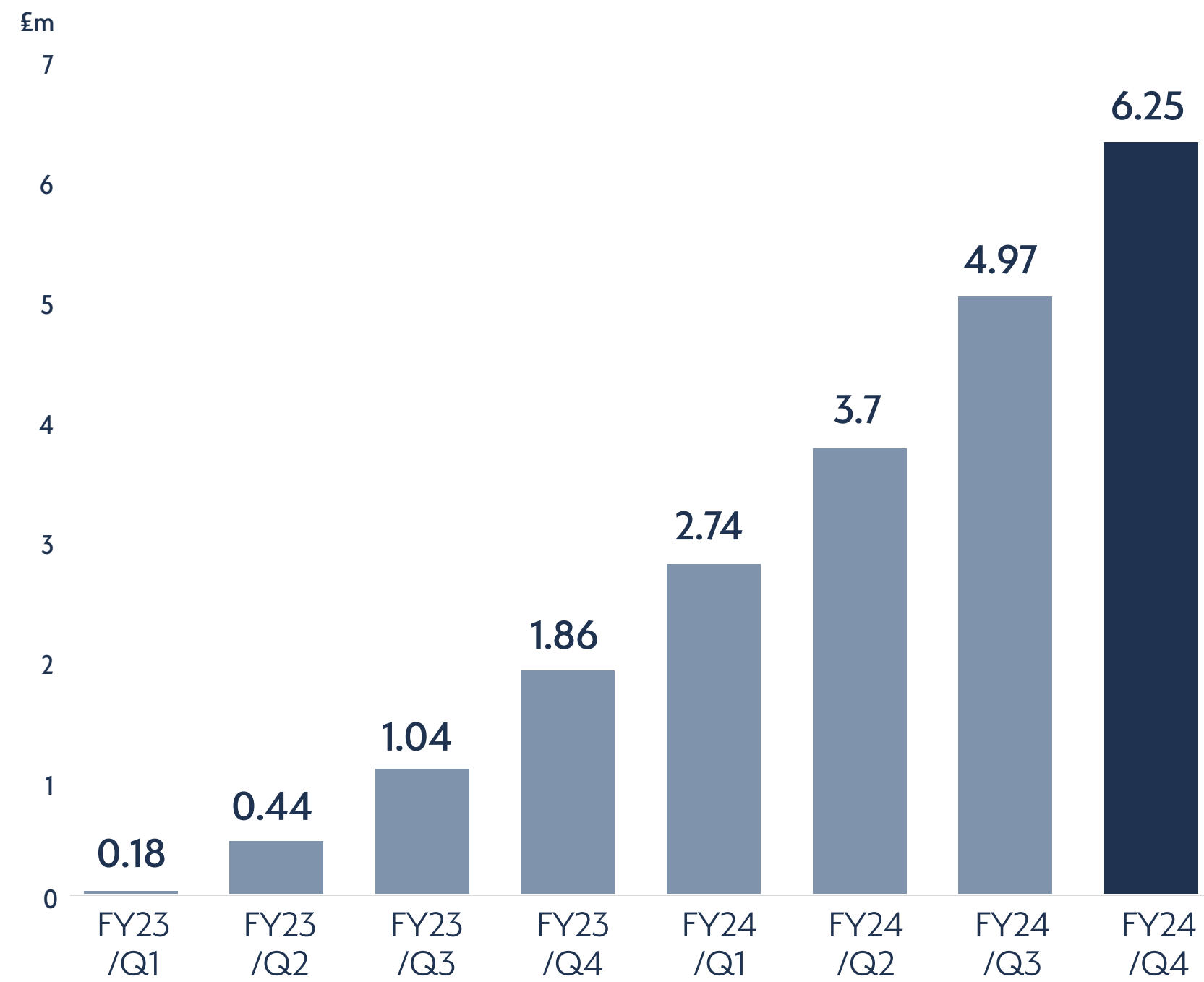
# ORGANIC GROWTH



New Product Development driving growth

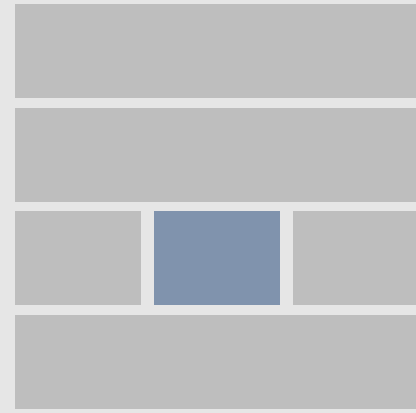
Tile Effect launched in 2022

## Tile Effect revenue (cumulative)





# ORGANIC GROWTH



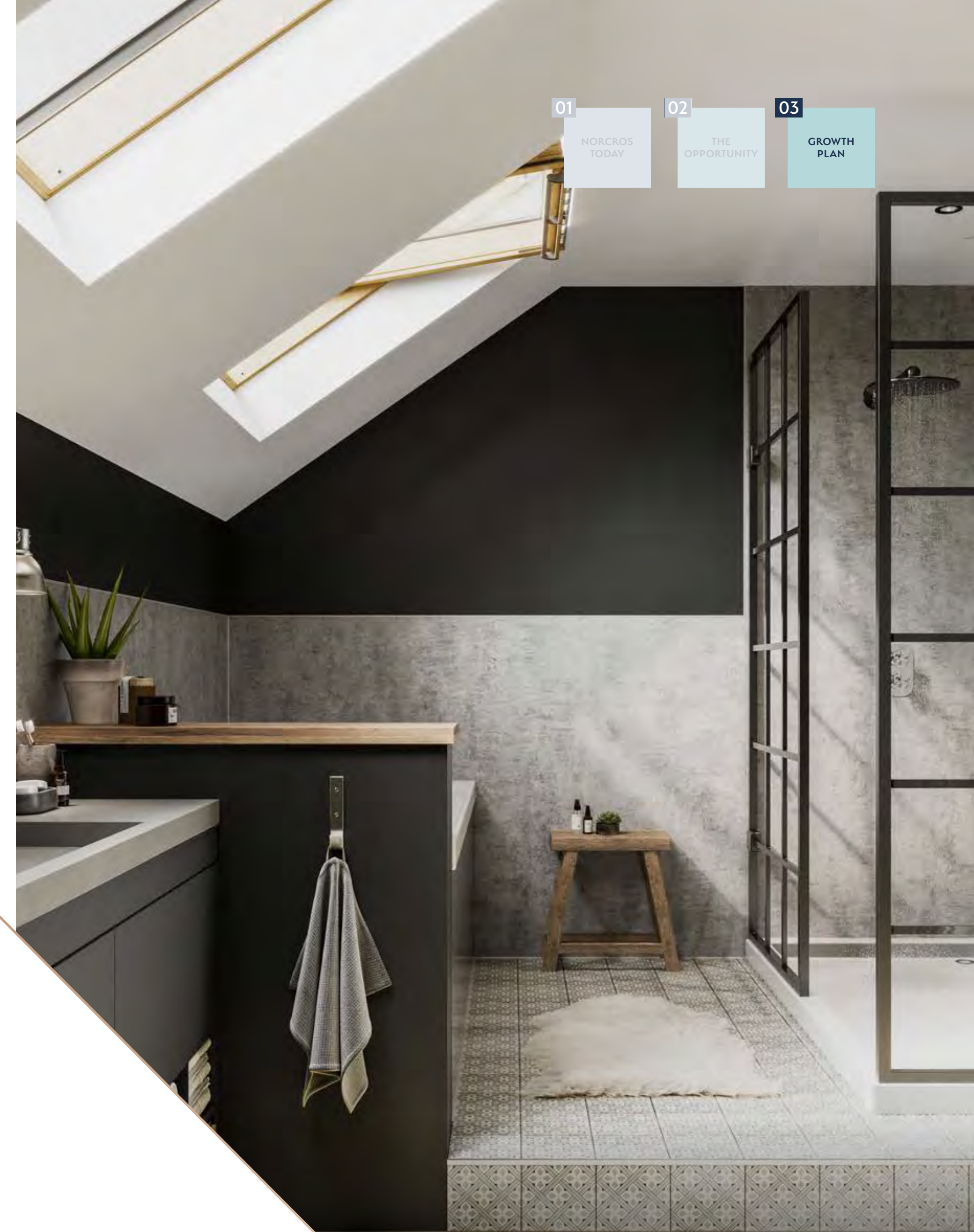
Cross-selling is accelerating our growth with new customers

Norcros enables cross-selling growth



Cross-selling initiatives – introductions, referral scheme, Specification Forum

Collaboration with Merlyn on logistics enables improved customer service

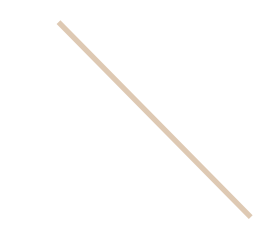




Growth Plan  
**ORGANIC GROWTH**

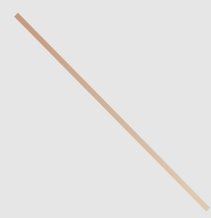
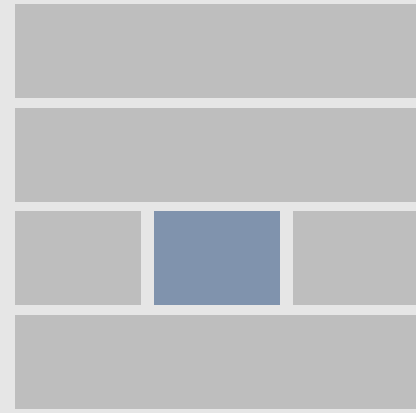


GRANT WESTFIELD


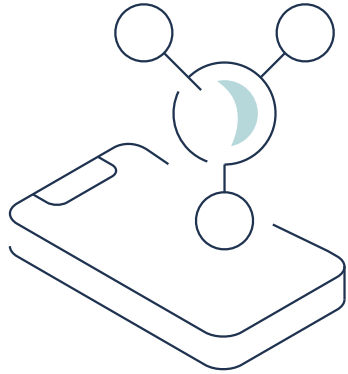


Future – continued collaboration driving growth and efficiency



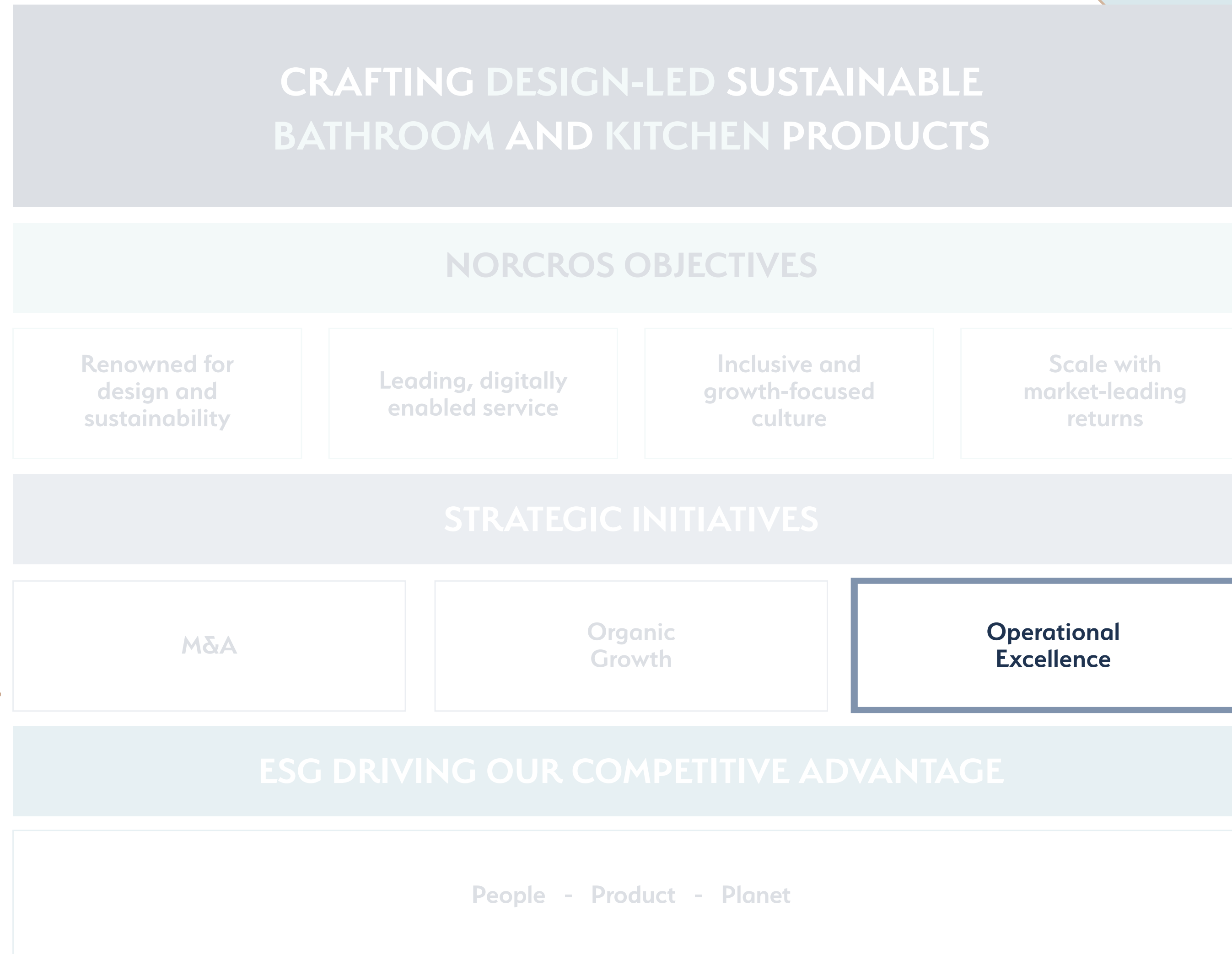


Group Growth Accelerators driving divisional organic market share growth

Group Growth Accelerators	
 <p>Cross-selling programme</p>	 <p>Specification sales programme</p>
 <p>Marketing centre of excellence and cross-Group forum</p>	 <p>New product development centre of collaboration</p>



Growth Plan  
**ORGANIC GROWTH**







NORCROS

# HELENE ROBERTS

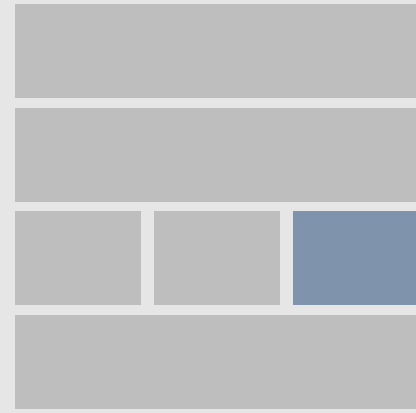
Managing Director,  
Norcross UK & Ireland

## LEVERAGING THE BENEFITS OF SCALE

- 01 NORCROS TODAY
- 02 THE OPPORTUNITY
- 03 GROWTH PLAN



# OPERATIONAL EXCELLENCE



Scale driving efficiency and exceptional customer service

## Strengths across our Group

**01** Critical mass and scale

**02** Strong culture of collaboration and learning

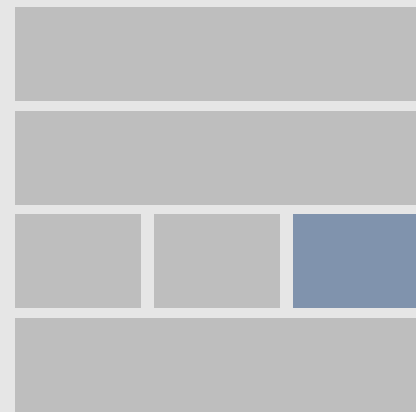
**03** Driving cost and service synergies

**04** Maintaining strength of decentralised model





# OPERATIONAL EXCELLENCE



Scale driving efficiency and exceptional customer service

## Strengths across our Group

01

Critical mass and scale

02

Strong culture of collaboration and learning

03

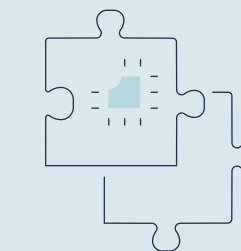
Driving cost and service synergies

04

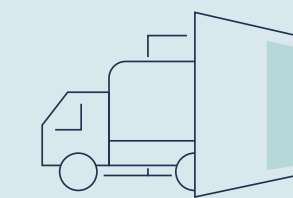
Maintaining strength of decentralised model



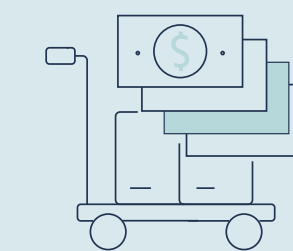
## Increased focus areas



Lean operations



Coordinated logistics and warehousing



Supply chain collaboration and efficiencies



Data capabilities



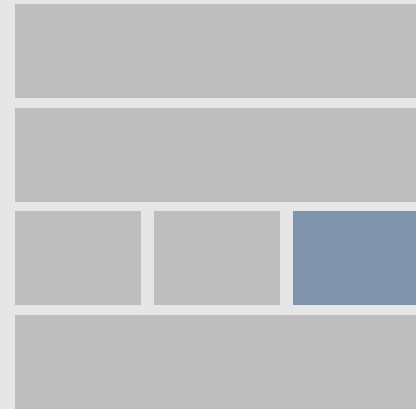
## Warehouse consolidation at Vado (4 sites in 1)



Driving efficiency and improvements in customer service



# OPERATIONAL EXCELLENCE



More than the sum of the parts: scale driving efficiencies and service

## Freight consolidation

Direct engagement with shipping lines

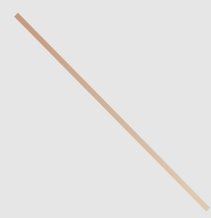
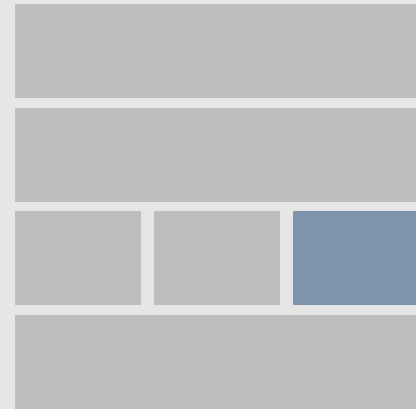
Improving customer service

Ship more frequently resulting in efficient stock management

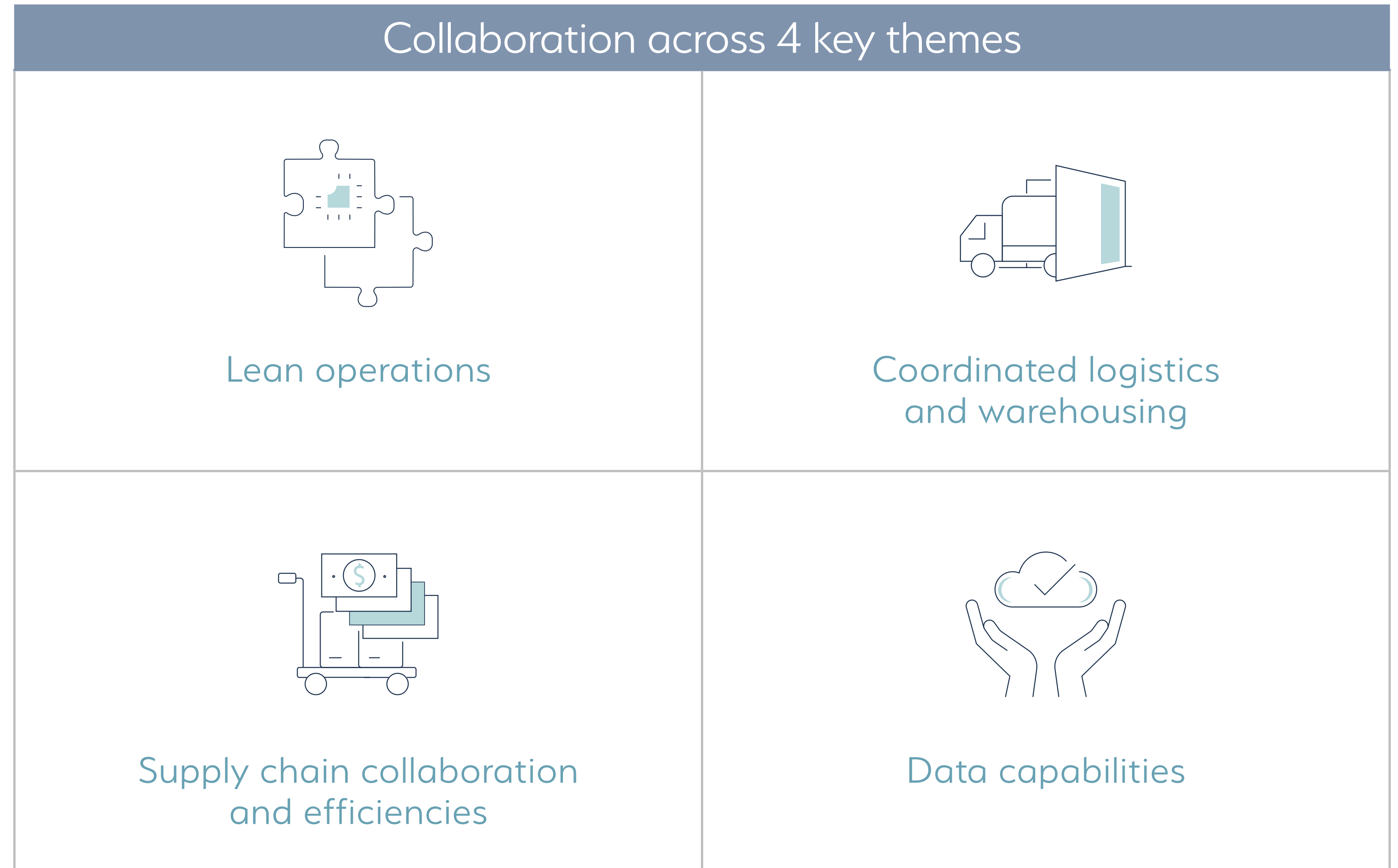
Carbon accountability







Group scale allows us to drive efficiency and improved customer service



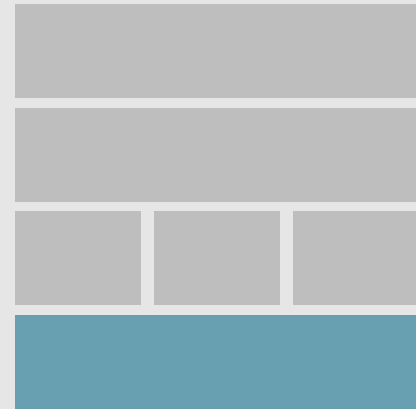


# ESG DRIVING COMPETITIVE ADVANTAGE





# ESG DRIVING COMPETITIVE ADVANTAGE



A powerful choice for better living

We have an established ESG framework







NORCROS

01

NORCROS  
TODAY

02

THE  
OPPORTUNITY

03

GROWTH  
PLAN

# DAVID TUTTON

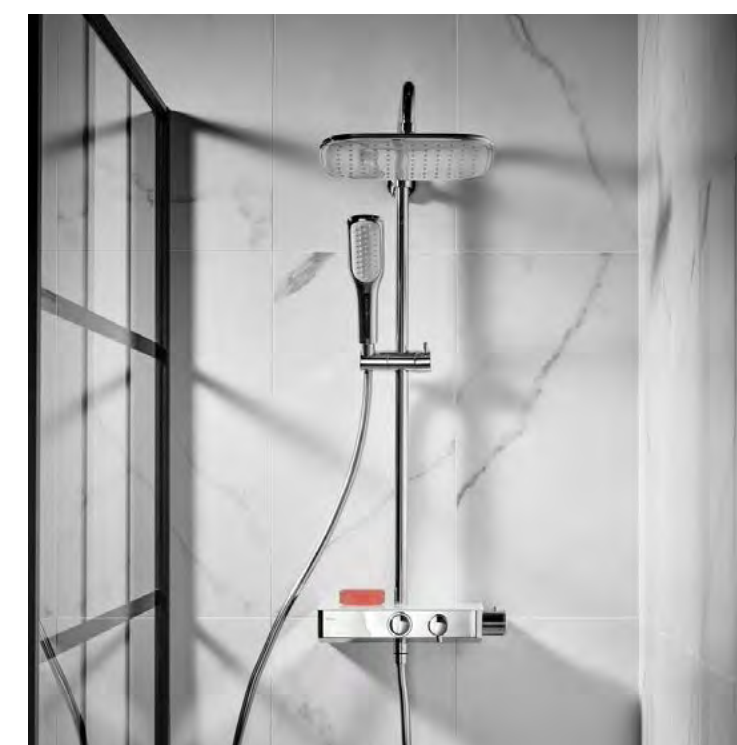
Managing Director

## ESG DRIVING COMPETITIVE ADVANTAGE





# ESG DRIVING COMPETITIVE ADVANTAGE



# TRITON

Inspiring everyone to use water and energy efficiently and enjoyably

Design, engineering, customer service and ESG core capabilities

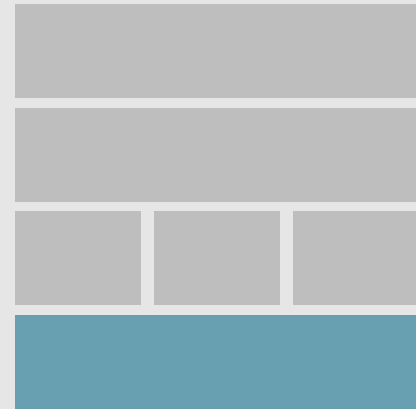
**54%**  
share of UK electric showers market

**64%**  
sales are shower replacement

**MARKET LEADER FOR SHOWERS IN THE UK**







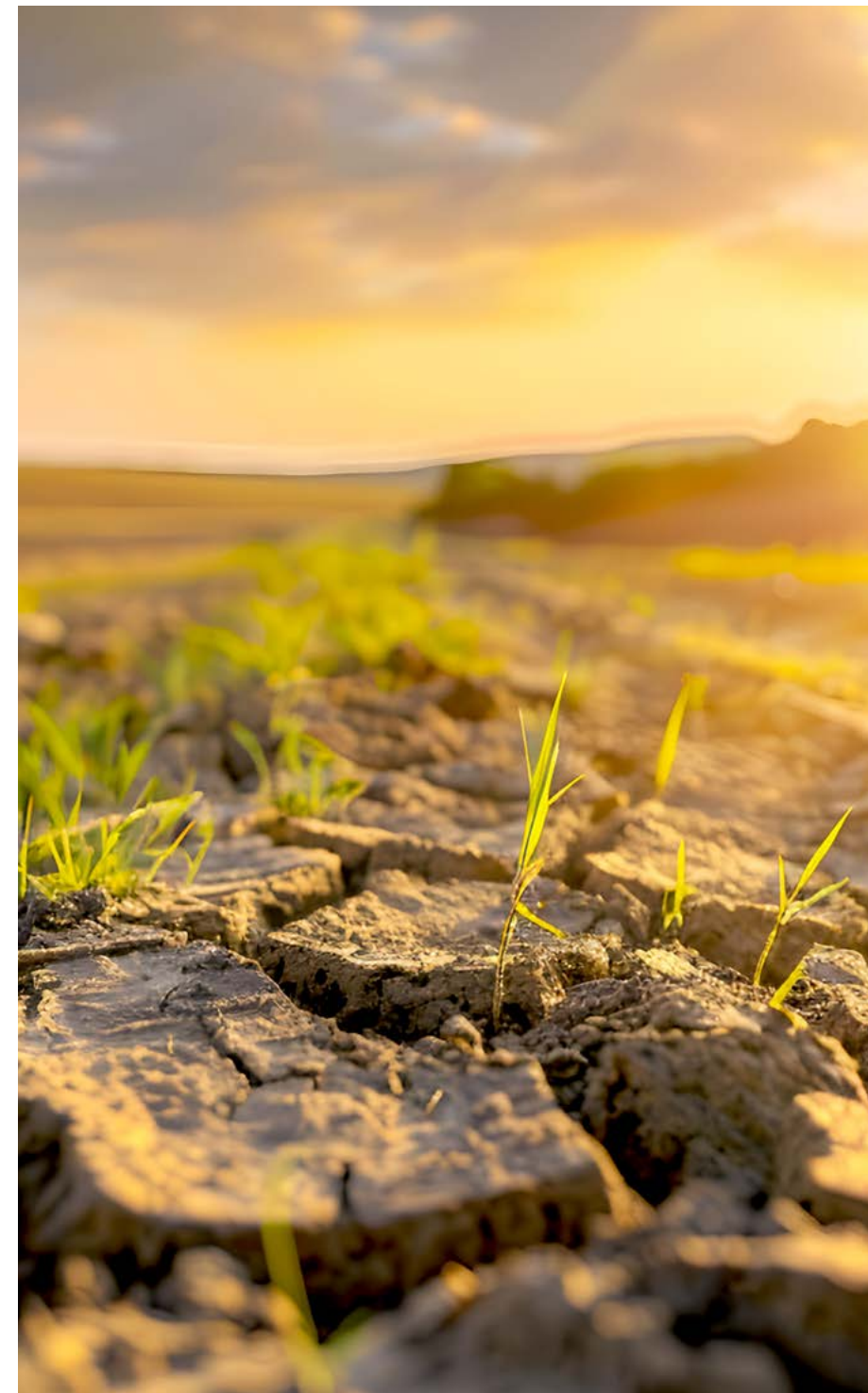
Focusing on ESG is the right thing to do, but also, there is growing demand for more sustainable home products.

25%\* of water usage in the home is from showers.

\* Energy Saving Trust – At Home With Water Report

## Triton: Our responsibility to address the sustainability challenge

Inspiring everyone to shower sustainably, because every drop makes a difference



Consumer demand

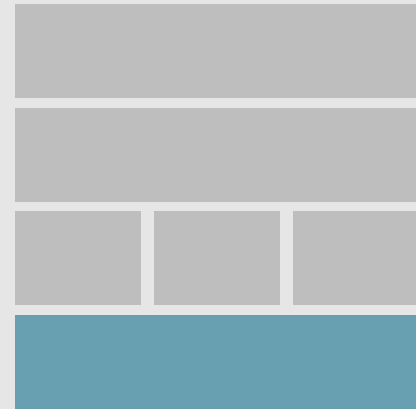


Regulatory tailwinds e.g. Future Homes Standard






# ESG DRIVING COMPETITIVE ADVANTAGE



Triton is the leader in sustainable showering

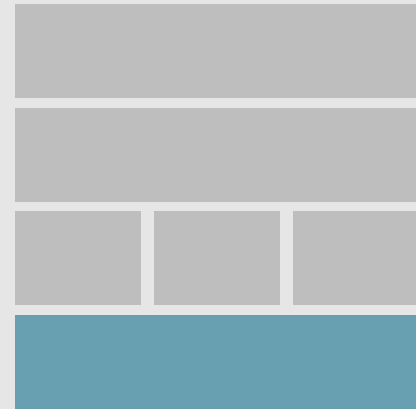
## Triton: ESG is at the heart of our strategy

 <p><b>People</b></p> <p>Be a safe, engaged and empowered team, connected to our local community</p>	 <p><b>Product</b></p> <p>Develop high-performance, low-carbon footprint showering &amp; water heating innovations that improve efficiency for our customers</p>	 <p><b>Planet</b></p> <p>Minimising our environmental impact in everything we do. Our goal is to achieve carbon net zero by 2035</p>
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# ESG DRIVING COMPETITIVE ADVANTAGE



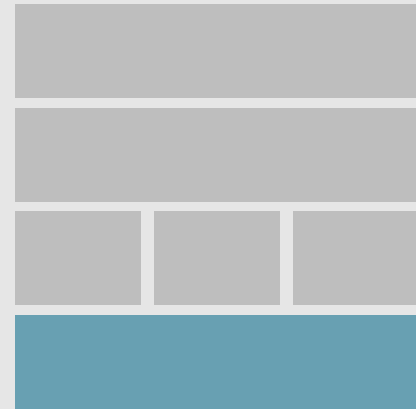
Triton is the leader in sustainable showering

Housebuilder Product Award Winner 2024 for ENVi<sup>®</sup> next generation electric shower





# ESG DRIVING COMPETITIVE ADVANTAGE



Electric showers enable environmental and cost benefits for consumers

Triton: environmental benefits of electric showers

**30%**  
lower running costs than a mixer shower\*

**68%**  
less water than a mixer shower\*

**70%**  
lower CO<sub>2</sub> emissions\* than a mixer shower connected to an A rated combi boiler

\* Calculated based on 3-person household, 5 showers pppw, 7.5 min average duration @ 41°C





# ESG DRIVING COMPETITIVE ADVANTAGE

ENVi® IS  
A GREAT  
GROWTH  
OPPORTUNITY  
FOR TRITON



Triton: Developing design-led sustainable products

ENVi® - next generation electric showers

Hi-tech touch screen interface

User personalisation of shower including ECO settings

Behind the wall

Easy to install

First Climate Partner Certified range





# ESG DRIVING COMPETITIVE ADVANTAGE

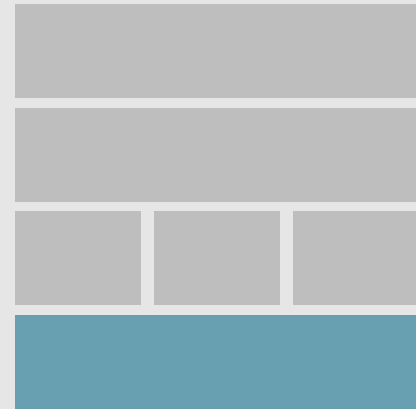


**TRITON**

We are the first name in showers and water heating, inspiring everyone to use water and energy efficiently and enjoyably

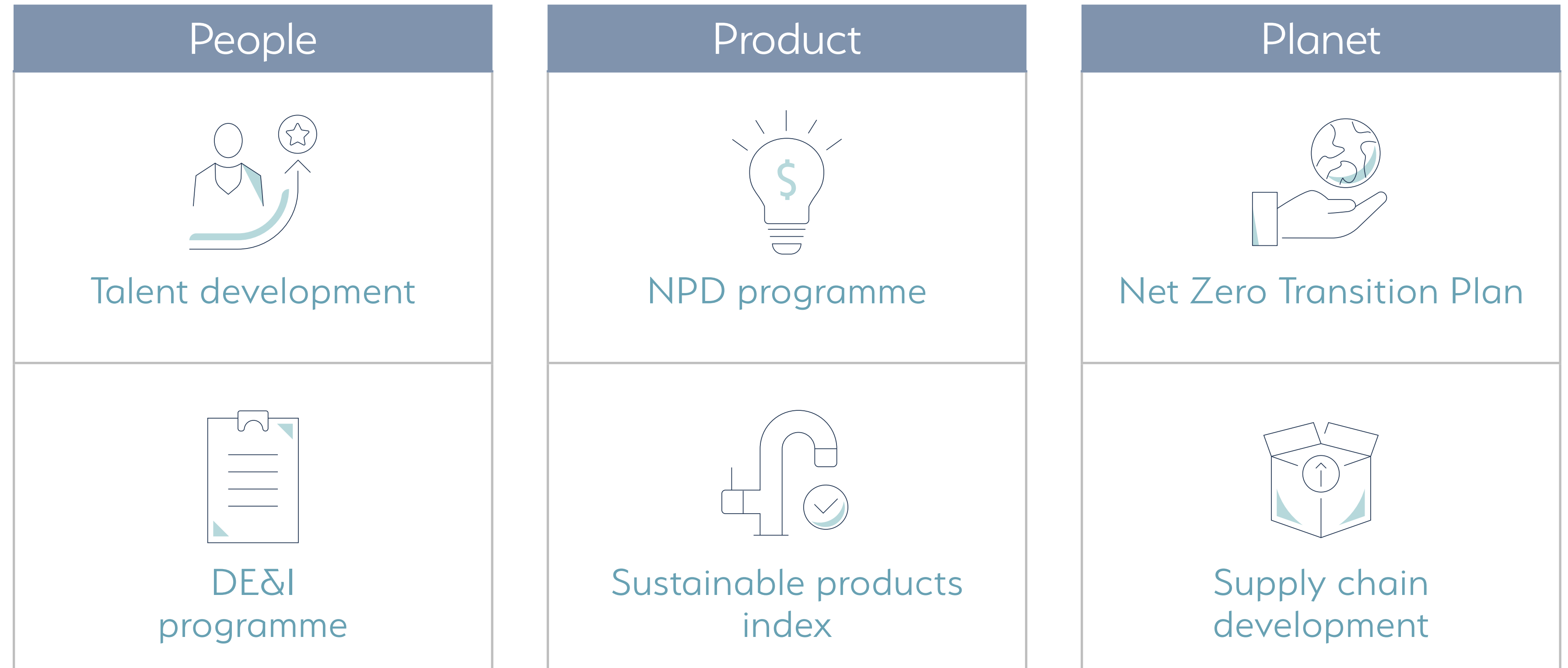


# ESG DRIVING COMPETITIVE ADVANTAGE



Key enablers that drive our competitive advantage and growth

## Key areas of focus



Deliver science-based targets by 2028



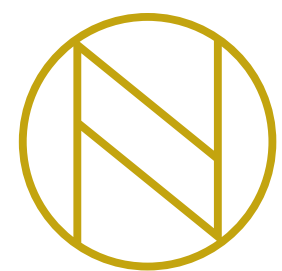


NORCROS

# JAMES EYRE

Chief Financial Officer

## FINANCIAL FRAMEWORK



NORCROS



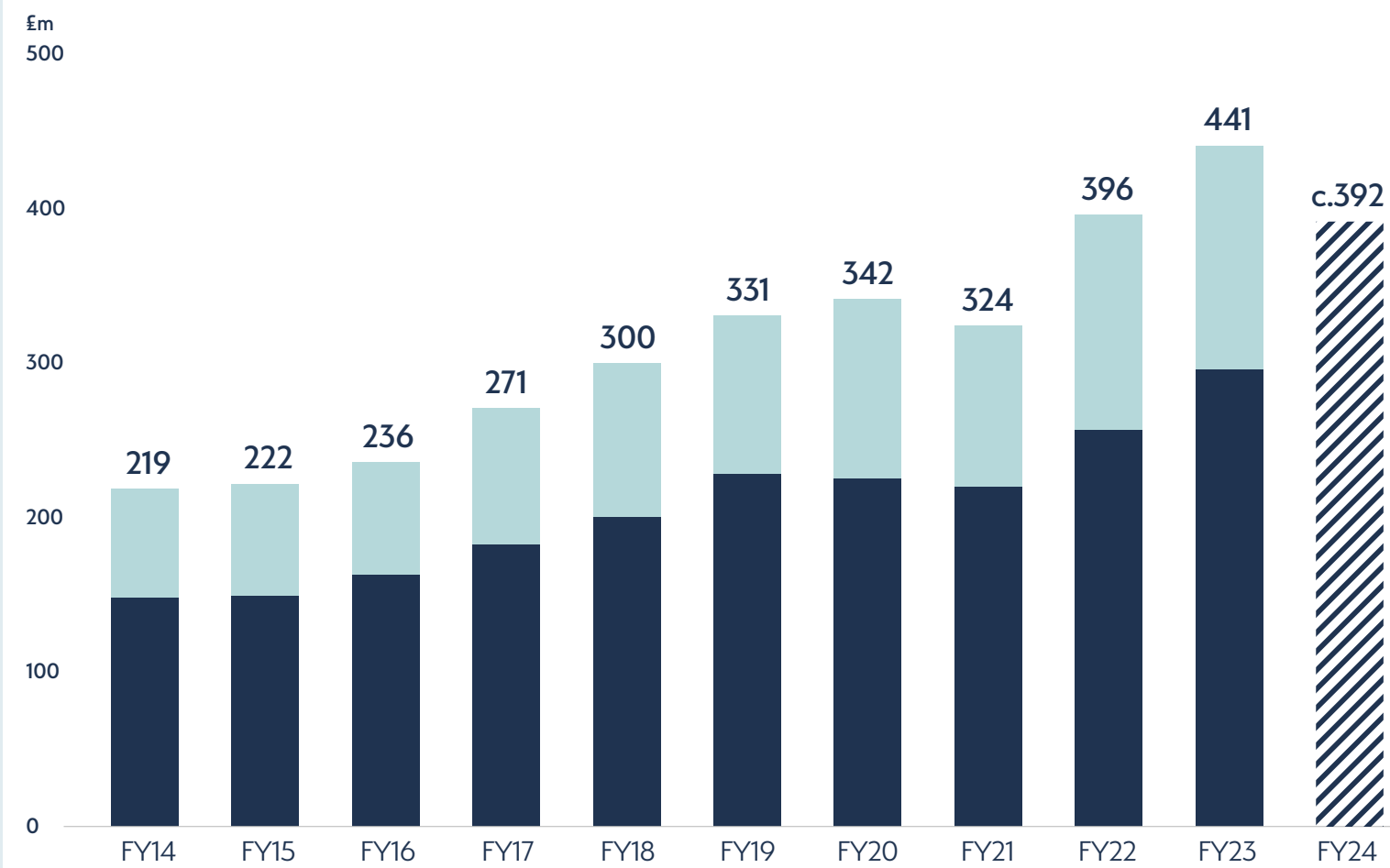


# A STRONG TRACK RECORD OF PERFORMANCE

## REVENUE (£m)

■ UK  
■ South Africa

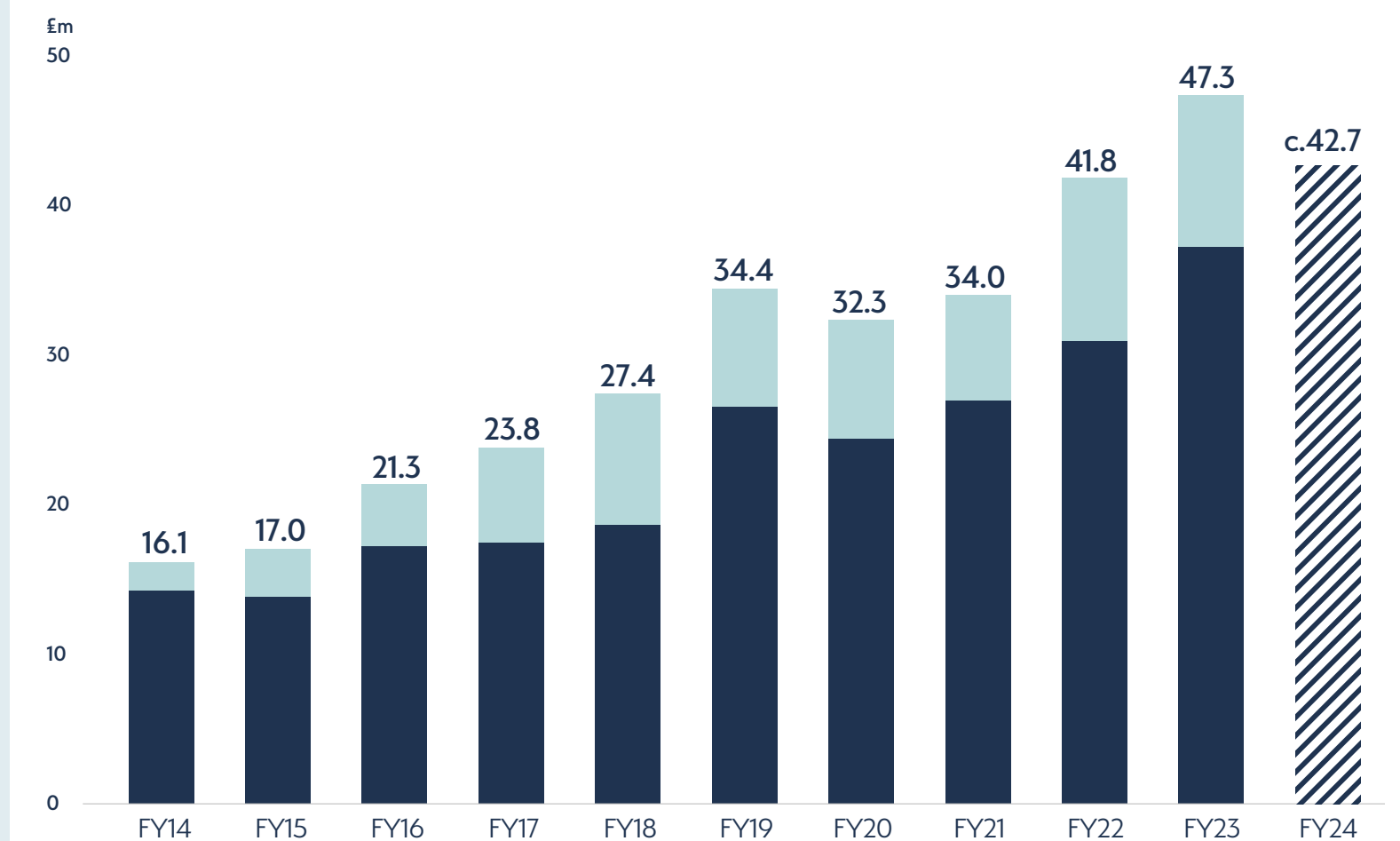
Organic growth enhanced by successful acquisitions



## UNDERLYING OPERATING PROFIT (£m)

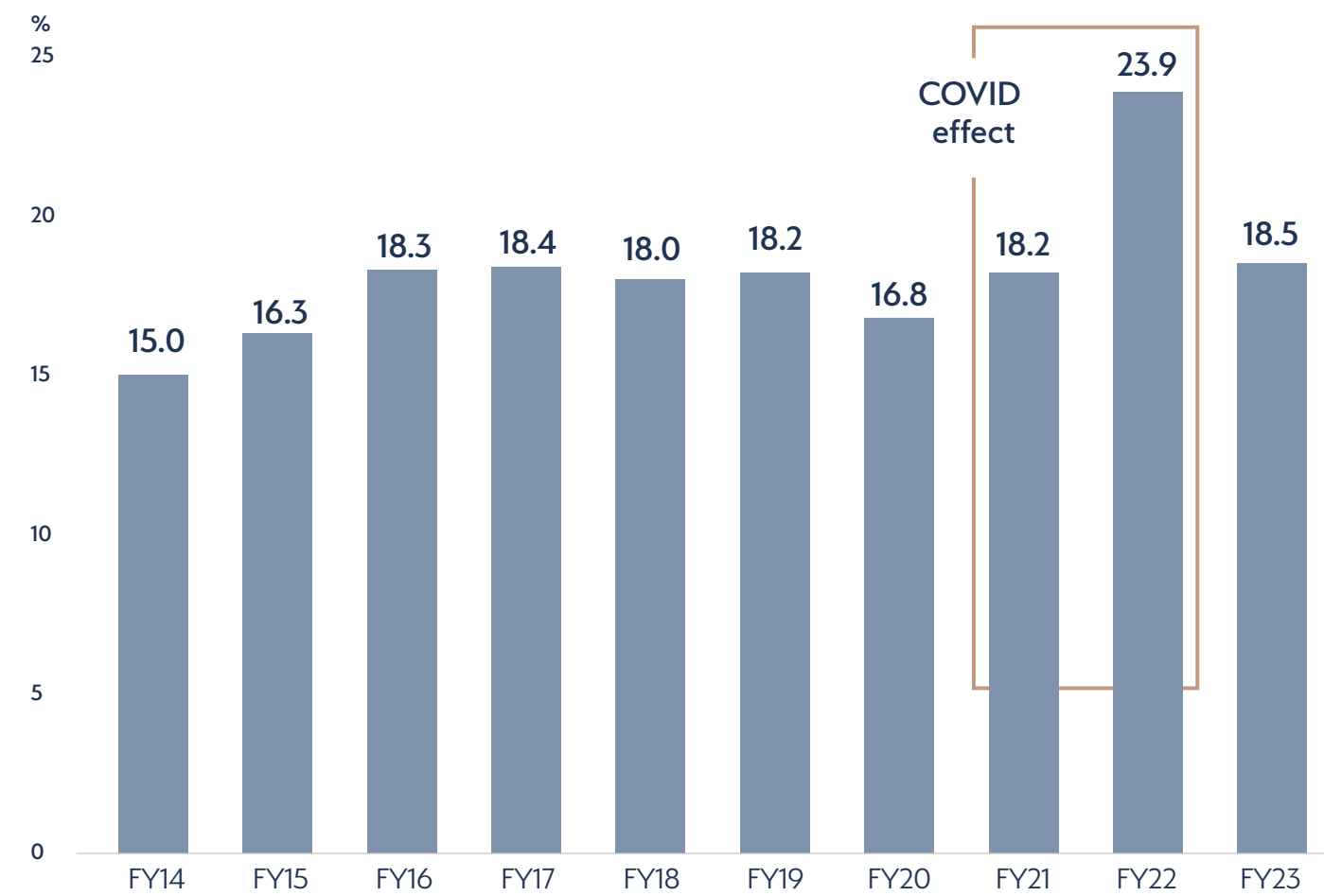
■ UK  
■ South Africa

Strong profit post pandemic enhanced by Grant Westfield



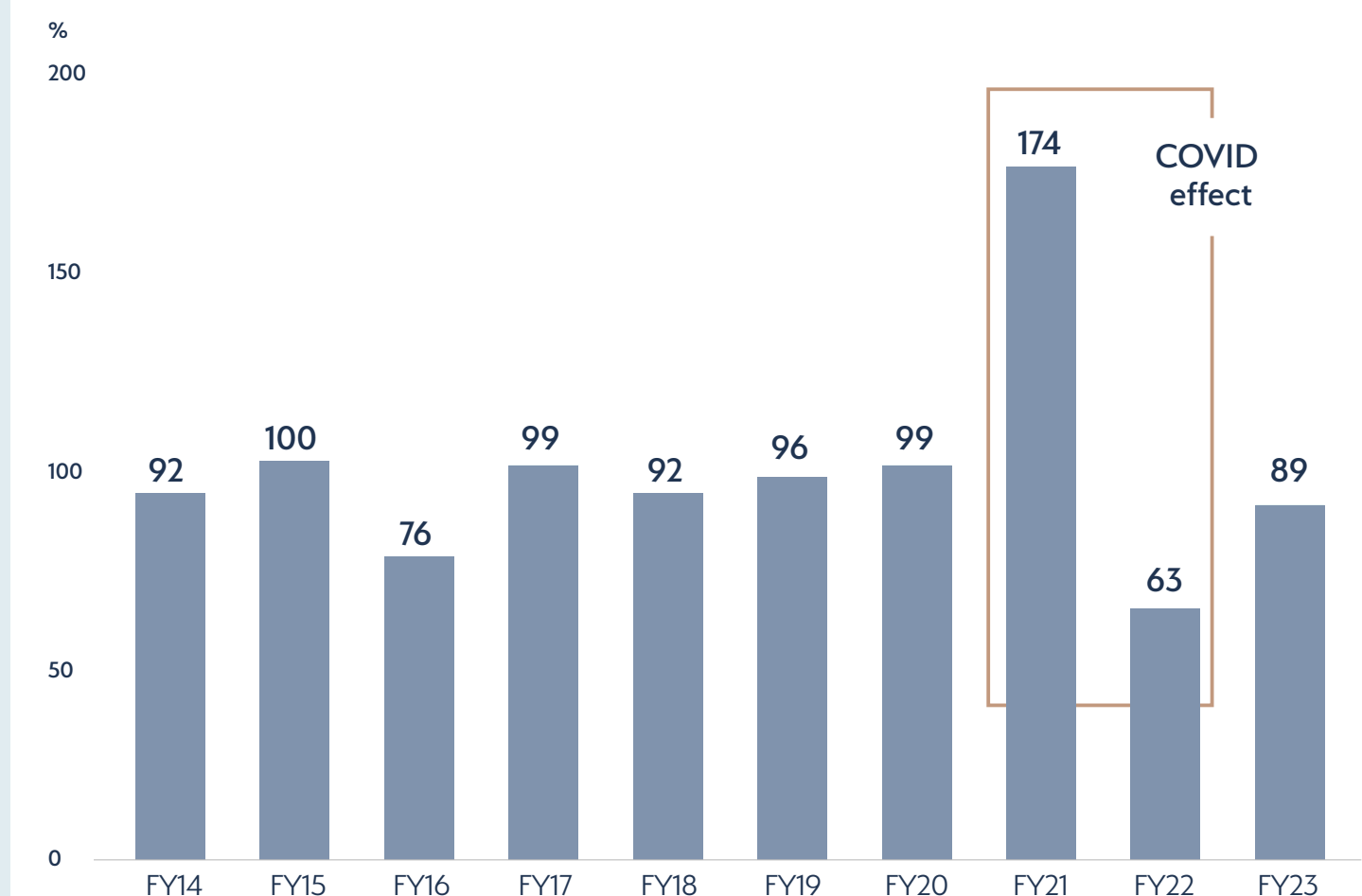
## UNDERLYING RETURN ON CAPITAL EMPLOYED (%)

Consistently achieved a strong return on capital



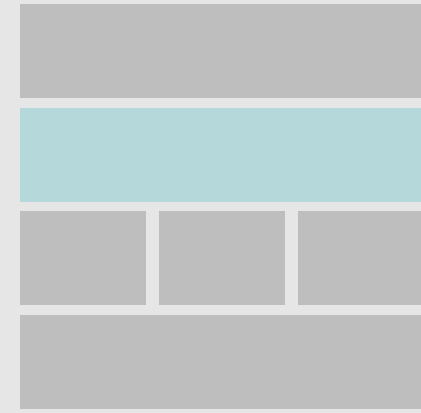
## PRE-CAPEX CASH CONVERSION (% OF UNDERLYING EBITDA)

Consistently high cash conversion





# Growth Plan KPIs AND TARGETS



Grow ahead of market with 15% operating margin over medium term

## Strategic pillars

- 01 M&A
- 02 Organic Growth
- 03 Operational Excellence
- 04 ESG driving competitive advantage



## Key targets

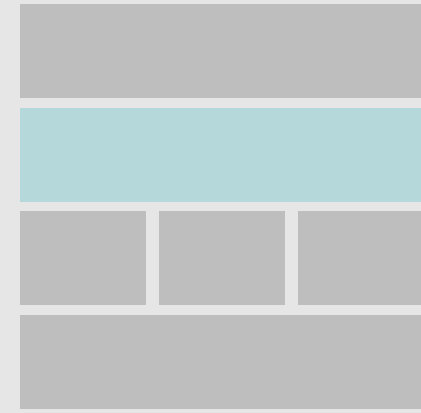
Organic growth	2-3% pa above market
Operating Margin	15% over medium term
Cash conversion	>90%
ROCE*	>20%
Science-based carbon emissions targets	2028**

\* ROCE is Underlying operating profit on a pre-IFRS 16 basis expressed as a percentage of the average of opening and closing underlying capital employed

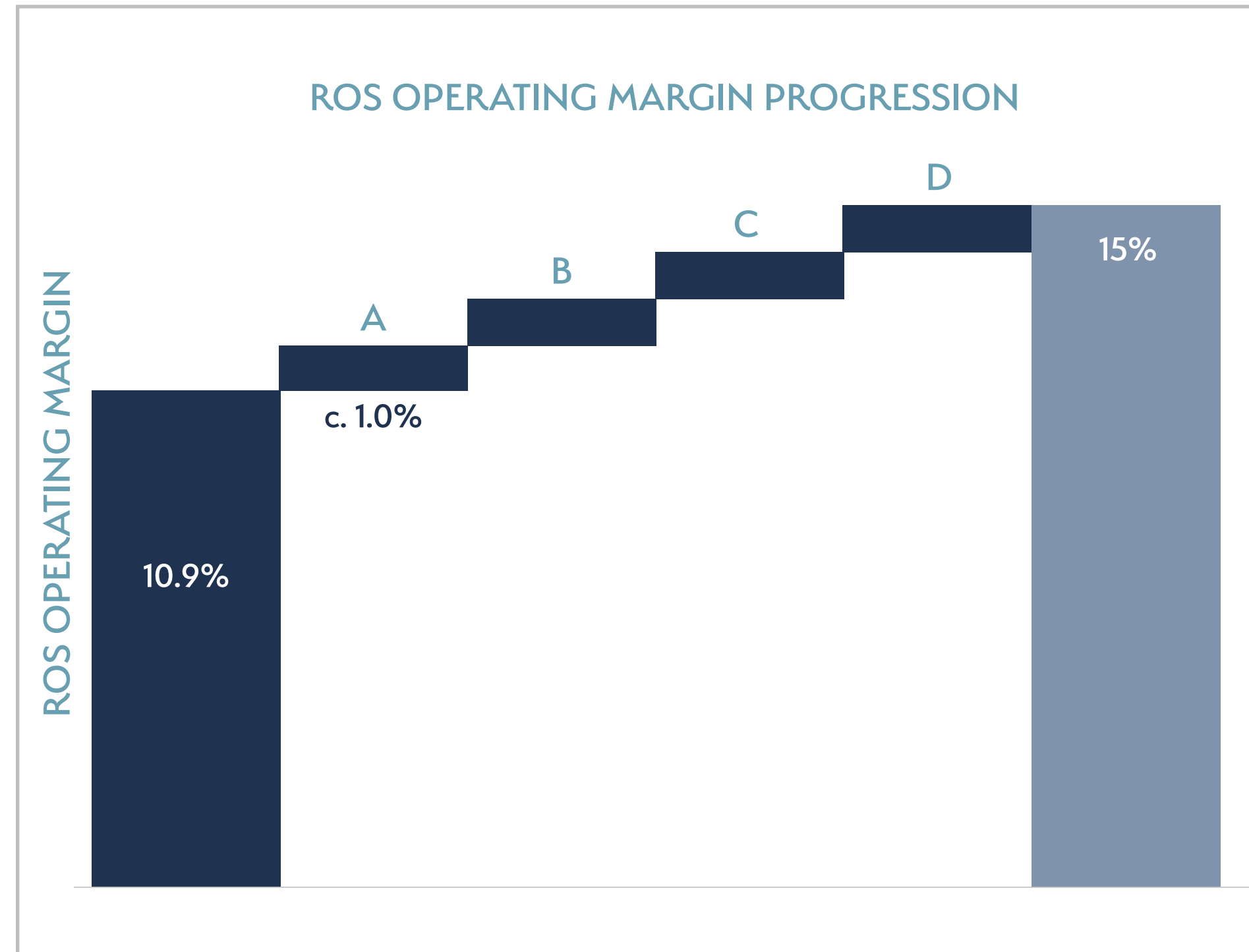
\*\*33.6% reduction in Scope 1&2 emissions and 20% reduction in Scope 3 emissions on a base year of 2023



# ORGANIC MARGIN ENHANCEMENT OPPORTUNITY



Focus on driving operating margin enhancement through portfolio management, operational excellence, organic growth and operational leverage



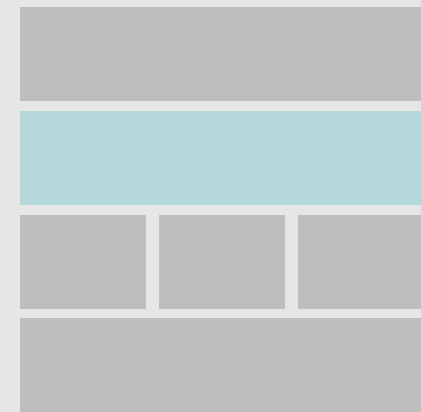
## Key Drivers

- A Successful exit of Johnson Tiles UK
- B Operational excellence – scale-based efficiencies
- C Organic growth – higher margin focus
- D Operational leverage – SA and UK market recovery

Margin enhancing M&A will accelerate margin progression as with Merlyn and Grant Westfield



# DRIVING SHAREHOLDER RETURNS



Investing in our growth strategy, whilst delivering attractive shareholder returns

## Growth in free cash flow

Organic growth	<b>2-3% pa</b> above market
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Operating margin	<b>15%</b> over medium term
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Cash conversion	<b>&gt;90%</b>
-----------------	----------------

## Capital allocation

Organic growth, operational excellence and ESG

Investment in:

- innovation
- customer service
- efficiency
- sustainability

M&A

EPS accretion (First full year)

ROIC > WACC

Shareholder returns

## Outcomes

ROCE\*  
**20%+**

Leverage  
**<2 x EBITDA**

Progressive dividend policy

\* ROCE is Underlying operating profit on a pre-IFRS 16 basis expressed as a percentage of the average of opening and closing underlying capital employed



# EVOLUTION AND GROWTH OF OUR GROUP



## A COMPELLING INVESTMENT CASE



# NORCROS INVESTMENT CASE

## NO. 1 BATHROOM SUPPLIER IN THE UK

**01**  
**MARKET LEADING BRANDS**  
Design-led,  
sustainable product  
development

**03**  
**RESILIENT MODEL**  
Diversified portfolio  
and mid-premium  
positioning

**02**  
**BENEFITS OF SCALE**  
Driving organic  
growth and  
enabling operational  
excellence

**04**  
**PROVEN TRACK RECORD**  
M&A, financial  
performance and  
disciplined capital  
allocation

Significant  
opportunity to  
accelerate organic  
and M&A growth  
and quality of  
earnings



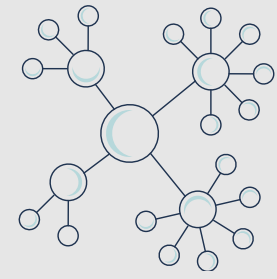
# NORCROS ACCELERATED GROWTH STORY

MARKET  
LEADER IN  
DESIGN-LED,  
SUSTAINABLE  
BATHROOM  
AND KITCHEN  
PRODUCTS



# NORCROS ACCELERATED GROWTH STORY

MARKET  
LEADER IN  
DESIGN-LED,  
SUSTAINABLE  
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AND KITCHEN  
PRODUCTS



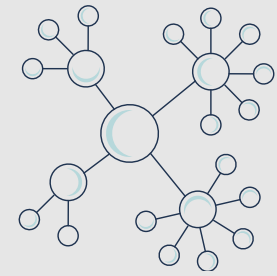
Successful and  
scalable platform

- Market leading brands
- Diversified products and channels
- Design and customer service
- M&A and organic track record



# NORCROS ACCELERATED GROWTH STORY

MARKET  
LEADER IN  
DESIGN-LED,  
SUSTAINABLE  
BATHROOM  
AND KITCHEN  
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Successful and  
scalable platform

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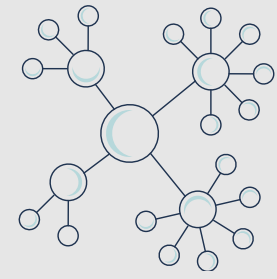
Significant opportunity  
to develop and grow

- Large, fragmented markets
- Sustainability and care
- Modernisation and synergies



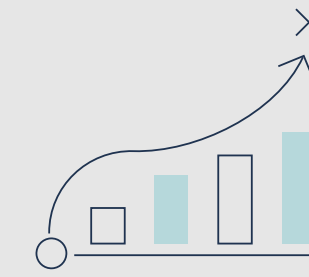
# NORCROS ACCELERATED GROWTH STORY

## MARKET LEADER IN DESIGN-LED, SUSTAINABLE BATHROOM AND KITCHEN PRODUCTS



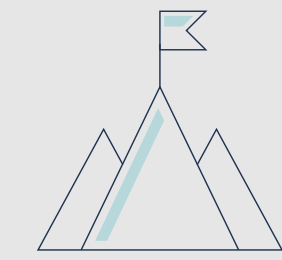
Successful and scalable platform

- Market leading brands
- Diversified products and channels
- Design and customer service
- M&A and organic track record



Significant opportunity to develop and grow

- Large, fragmented markets
- Sustainability and care
- Modernisation and synergies



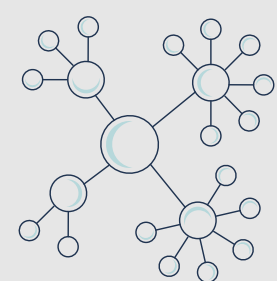
Norcros strategy

- M&A
- Organic Growth
- Operational Excellence
- ESG driving competitive advantage



# NORCROS ACCELERATED GROWTH STORY

MARKET LEADER IN DESIGN-LED, SUSTAINABLE BATHROOM AND KITCHEN PRODUCTS



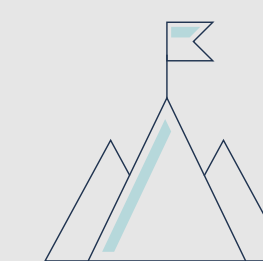
Successful and scalable platform

- Market leading brands
- Diversified products and channels
- Design and customer service
- M&A and organic track record



Significant opportunity to develop and grow

- Large, fragmented markets
- Sustainability and care
- Modernisation and synergies



Norcros strategy

- M&A
- Organic Growth
- Operational Excellence
- ESG driving competitive advantage

New medium-term targets

Organic growth

**2-3% pa**  
above market

Operating Margin

**15%**  
over medium term

ROCE

**>20%**





# NORCROS

## Q&A

Capital Markets Presentation



## CAUTIONARY STATEMENT

Certain statements made in this presentation are forward-looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied by these forward-looking statements. They appear in a number of places throughout this presentation and include statements regarding the intentions, beliefs or current expectations of Directors concerning, amongst other things, the results of the operations, financial condition, liquidity, prospects, growth, strategies and the businesses operated by the Group. The Directors do not undertake any obligation to update or revise any forward-looking statements whether as a result of new information future developments or otherwise.